

ORDINANCE NO. 85-60

OF THE CITY OF BLOOMINGTON, INDIANA

ENTITLED:

AN ORDINANCE AUTHORIZING THE ISSUANCE AND SALE BY THE CITY OF BLOOMINGTON, INDIANA (THE "CITY") OF ITS \$12,600,000 MULTIFAMILY MORTGAGE REVENUE NOTE, ESTABLISHING THE TERMS OF SAID NOTE, AUTHORIZING THE LOAN OF THE PROCEEDS OF SAID NOTE TO WOODBRIDGE APARTMENTS OF BLOOMINGTON III, A LIMITED PARTNERSHIP (THE "DEVELOPER"), TO FINANCE THE ACQUISITION AND CONSTRUCTION OF A MULTIFAMILY RESIDENTIAL RENTAL APARTMENT PROJECT WITHIN THE JURISDICTIONAL LIMITS OF THE CITY, APPROVING THE FORM AND EXECUTION AND DELIVERY OF AN ESCROW AGREEMENT, REGULATORY AGREEMENT, LOAN AGREEMENT AND OTHER DOCUMENTS AND INSTRUMENTS PERTAINING THERETO, AND AUTHORIZING AND APPROVING OTHER MATTERS PERTAINING THERETO.

ADOPTED BY THE CITY COUNCIL
OF THE CITY OF BLOOMINGTON,
INDIANA ON DECEMBER 4, 1985

12/6/85 Signed Copies

- 1. Legal*
- 2. Joe O'Connor (petitioner's rep)*

THE CITY COUNCIL OF THE CITY OF BLOOMINGTON, INDIANA DOES HEREBY MAKE THE FOLLOWING FINDINGS AND DETERMINATIONS IN CONNECTION WITH THE ADOPTION OF THIS ORDINANCE:

A. The City of Bloomington, Indiana (the "Issuer") is authorized pursuant to the provisions of §§ 36-7-12-1 et seq. of the Indiana Code Annotated, as amended (the "Act"), to issue its multifamily mortgage revenue bonds or notes for the purpose, among others, of financing the costs of multifamily residential rental developments that will provide decent, safe and sanitary housing for persons and families of low and moderate income residing within the jurisdictional limits of the Issuer and in the State of Indiana (the "State").

B. In connection with the issuance of its multifamily mortgage revenue bonds or notes for such purpose, the Act authorizes the Issuer to pay from the bond or note proceeds costs incurred for the issuance of such bonds or notes, to loan the proceeds of such bonds or notes to developers and to grant security interests in such loans in order to secure the payment of the principal, premium, if any, and interest on such bonds or notes.

C. Pursuant to its authority under the Act, the Issuer and Woodbridge Apartments of Bloomington III, a limited partnership (the "Developer"), propose to enter into a Loan Agreement dated as of December 1, 1985 (the "Loan Agreement"), under which the Issuer agrees to issue its \$12,600,000 (maximum, subject to Section 10.02 hereof) principal amount Multifamily Mortgage Revenue Note Woodbridge Apartments of Bloomington III Project Series 1985 (the "Note") and to loan the proceeds thereof to the Developer (the "Project Loan") for the purpose of providing construction and permanent financing of a multifamily residential rental development (the "Project") located within the City of Bloomington, Indiana to be occupied by "individuals of low or moderate income," as required by Section 103(b)(4)(A) of the Internal Revenue Code of 1954, as amended (the "Code").

D. To evidence the Project Loan, the Developer is required to execute and deliver to the Issuer a mortgage note in the amount of \$12,600,000 (the "Developer Note").

E. As security for the Project Loan, the Developer is obligated to execute and deliver to the owner of the Note (the "Owner") a certain Deed of Trust and Security Agreement and a certain Assignment of Rents and Leases (collectively, the "Mortgage"), both dated as of December 1, 1985.

F. As further security for the Project Loan, the Developer is obligated to provide, for the benefit of the Owner, a certain Construction Completion Guarantee (the "Construction

Completion Guarantee") and a certain limited Operating Deficits Guarantee (the "Operating Deficits Guarantee"), each dated as of December 1, 1985.

G. The Issuer is adopting this Ordinance for the purpose of authorizing and securing the Note, prescribing the terms thereof and the conditions, terms, trusts and provisions upon the basis of which the Note will be delivered and the proceeds thereof expended and held.

H. All things necessary to make the Note, when executed by the Issuer and issued as provided in this Ordinance, the valid, binding and legal obligation of the Issuer according to the import thereof, and to constitute this Ordinance a valid assignment and pledge of the Trust Estate (as herein defined) for the payment of the principal of, premium, if any, and interest on the Note, and the creation, execution and delivery of this Resolution and the creation, execution and issuance of the Note, subject to the terms hereof, have in all respects been duly authorized.

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE ISSUER AS FOLLOWS:

GRANTING CLAUSES

The Issuer, in consideration of the premises and of the purchase and acceptance of the Note by the Owner thereof, in order to secure the payment of the principal of, premium, if any, and interest on the Note according to its tenor and effect, does hereby grant, bargain, sell, convey, mortgage and warrant, and assign, pledge and grant, without recourse, the Trust Estate to the Owner, and its successors and assigns forever, for the securing of the performance of the obligations of the Issuer hereinafter set forth;

TO HAVE AND TO HOLD the Trust Estate, whether now owned or held or hereafter acquired, unto the Owner and its successors or assigns, forever;

UPON THE TERMS HEREIN SET FORTH for the benefit and security of all present and future Owners of the Note, and for enforcement of the payment of the Note in accordance with its terms, and all other sums payable hereunder or on the Note and for the performance of and compliance with the obligations, covenants and conditions of this Ordinance, all as herein set forth.

PROVIDED, HOWEVER, that if the Issuer or the Developer or their respective successors or assigns shall otherwise well and truly pay or cause to be paid the principal of and premium, if

any, and interest due or to become due on the Note, at the times and in the manner specified therein, according to the true intent and meaning thereof, and shall well and truly keep and observe all the covenants and conditions in this Ordinance expressed to be kept, performed and observed by it, then the Owner on demand of the Issuer or the Developer, and upon payment to the Issuer and the Owner of its reasonable fees, costs and expenses, shall execute and deliver to the Developer in accordance with the terms hereof such discharge or satisfaction as the Developer shall request to discharge the lien hereof and to convey to the Developer all interests held by the Owner pursuant to the terms hereof; otherwise this Ordinance to be and remain in full force and effect.

THIS ORDINANCE FURTHER WITNESSETH, and it is expressly declared, that the Note shall be issued, executed and delivered, and the Trust Estate shall be dealt with and disposed of, under, upon and subject to the terms, conditions, stipulations, covenants, agreements, trusts, uses and purposes hereinafter expressed, and the Issuer has agreed and covenanted and does hereby agree and covenant with the Owner, from time to time, of the Note, or any part thereof, as follows:

ARTICLE I

DEFINITIONS

The terms defined in this Article I shall have meanings provided herein for all purposes of this Ordinance, unless the context clearly requires otherwise.

"Act" means §§ 36-7-12-1 et seq. of the Indiana Code Annotated, as amended.

"Additional Security" means any guaranty agreement, letter of credit, surety bond or other instrument of agreement providing for the payment of the principal of and interest on the Note when due or all amounts payable under the Loan Agreement when due, including any subsequent Additional Security substituted for Additional Security previously in effect.

"Adjusted Interest Rate" shall have the meaning designated in Article V hereof.

"Administrator" means America First Capital Associates Limited Partnership, the general partner of the Owner, or any successor general partner of the Owner.

"All Multifamily Mortgage Notes" or "Any Multifamily Mortgage Note" means all multifamily mortgage revenue notes purchased by the Owner from the various Issuers thereof with

respect to projects owned and developed by the Developer, or, respectively, any one of such notes.

"Authorized Denomination" means prior to the Initial Remarketing Date, \$12,600,000, or any lesser amount at determined pursuant to Section 2.09(c)(2) below, and on or after the Initial Remarketing Date, such amount as is specified in the Remarketing Indenture.

"Authorized Representative" means a person or persons at the time designated to act on behalf of the Developer by written certificate furnished to the Owner containing the specimen signature of such person or persons and signed on behalf of the Developer by a general partner thereof, which certificate may designate an alternate or alternates, and may designate different Authorized Representatives to act for the Developer with respect to different sections of the Loan Agreement and this Ordinance.

"Base Interest" means the interest due on the Note determined in accordance with Section 2.03(b) hereof.

"Bond Counsel" means any firm of nationally recognized bond counsel experienced in the financing of facilities for nonexempt persons through the issuance of tax-exempt revenue obligations under the exemption provided under Section 103(b) of the Code and approved by the Owner.

"Business Day" means a day of the year on which banks located in the city in which the Principal Office of the Owner is located and banks located in the city in which the Principal Office of the Remarketing Agent is located are not required or authorized by law to remain closed and on which The New York Stock Exchange is not closed.

"Cash Flow" means the net profits and losses of the Developer as determined for federal income tax purposes by the independent certified public accountants employed by the Developer (excluding any profits or losses resulting from the sale or refinancing of the Project), plus (i) the property management fee and depreciation and other noncash charges deducted in determining such net profits and losses, minus (ii) capital expenditures when made from other than reserve accounts and any other cash expenditures which have not been deducted in determining the net profits and losses of the Developer for federal income tax purposes, and any amount required to maintain a reasonable working capital fund as agreed between the Developer and the Owner.

"Code" means the Internal Revenue Code of 1954, as amended, together with corresponding and applicable final or temporary

regulations and revenue rulings issued or amended with respect thereto by the Treasury Department or Internal Revenue Service of the United States.

"Condemnation Award" means the total condemnation proceeds actually paid by the condemnor as a result of the condemnation of all or any part of the property subject to the Mortgage.

"Construction Completion Guarantee" means, collectively, (i) the Construction Completion Guarantee dated as of December 1, 1985, pursuant to which the Construction Guarantor guarantees to the Owner that the construction of the Project will be completed, and (ii) the Construction Completion Guarantee dated as of December 1, 1985 pursuant to which Guarantor guarantees to the Owner that the construction of the Project will be completed.

"Construction Guarantor" means Eugene Glick and Marilyn Glick, husband and wife.

"Contingent Interest" means the Primary Contingent Interest and Supplemental Contingent Interest due on the Note determined in accordance with Section 2.03(c)(1) and (2) hereof.

"Contingent Interest Period" means each calendar year or portion thereof within any Interest Period.

"Costs of Issuance" means all fees and reasonable costs and expenses incurred in connection with the issuance of the Note to be paid from the proceeds of the Note.

"County" means Monroe County, Indiana.

"Deferred Interest" means the Primary Deferred Interest and the Supplemental Deferred Interest.

"Determination of Taxability" means the issuance of a written notice of deficiency by the Internal Revenue Service to the effect that interest on the Note is subject to federal income taxation and the enactment of legislation, issuance of a judicial decision, publication of an official statement by the Internal Revenue Service or the occurrence of any other act, event or circumstance which, in the opinion of Bond Counsel, presents a not insignificant risk that interest on the Note will, either currently or retroactively, be subject to federal income taxation.

"Developer" means Woodbridge Apartments of Bloomington III, an Indiana limited partnership, and its successors and assigns, with its Principal Office located at 9102 North Meridian Street, PO Box 40177, Indianapolis, Indiana 46240.

"Developer Note" means the Promissory Note dated as of December 1, 1985 executed by the Developer in favor of the Issuer in the amount of \$12,600,000.

"Escrow Agent" means Omaha National Bank, a banking association organized and existing under the laws of the United States of America, with its Principal Office located at 17th & Farnam Streets, Omaha, Nebraska 68102, and its successors in trust hereunder or any successor escrow agent appointed by the Issuer with the consent of the Owner and the Developer.

"Escrow Agreement" means the Escrow Agreement dated as of December 1, 1985 between the Issuer and the Escrow Agent.

"Event of Default" or "Default" means any event of default specified in Section 7.01 of this Ordinance.

"Final Advance Date" means the date of the final advance of moneys from the Project Loan Fund.

"First Interest Period" means the period of time from the date of initial issuance and delivery of the Note to (but not including) December 1, 1988.

"Guarantor" means Mount Vernon Mortgage Company, an Indiana limited partnership, with its Principal Office located at 9102 North Meridian Street, PO Box 40177, Indianapolis, Indiana 46240.

"Initial Remarketing Date" means the date established for the initial remarketing of the Note in accordance with Article V hereof.

"Initial Remarketing Period" means the Remarketing Period beginning on the Initial Remarketing Date.

"Institutional Investor" means the Developer, any accredited Investor as defined in Regulation D of the Securities and Exchange Commission, an agency or instrumentality of the United States or of a state, or any person (other than a natural person), a principal part of whose business consists of buying securities.

"Insurance Proceeds" means the total proceeds of insurance actually paid or payable by an insurance company in respect of the required insurance on the Project.

"Interest Payment Date" means (i) prior to the Initial Remarketing Date, and with respect to the payment of Base Interest, the fifteenth day of each month (or, if the fifteenth day is not a Business Day, then the first Business Day thereafter),

commencing January 15, 1986; (ii) prior to the Initial Remarketing Date, and with respect to the payment of Contingent Interest, the first Business Day of each February, May, August and November, commencing February, 1987; (iii) the Initial Remarketing Date; and (iv) after the Initial Remarketing Date, each December 1 and June 1, as provided in this Ordinance.

"Interest Period" means the First Interest Period or the Second Interest Period.

"Issuer" means the City of Bloomington, Indiana, a municipal corporation and political subdivision of the State of Indiana, and its successors and assigns, with its Principal Office located at Municipal Building, PO Box 100, Bloomington, Indiana 47402.

"Issuer Documents" means, collectively, the Loan Agreement, the Escrow Agreement and the Regulatory Agreement.

"Loan Agreement" means the Loan Agreement, dated as of December 1, 1985, between the Developer, as borrower, and the Issuer, as lender, and any and all amendments and supplements thereto including, if any, any Construction Loan Agreement between the Owner and the Developer concerning the Project, and any amendments and supplements to such Construction Loan Agreement.

"Management Agreement" means the Management Agreement dated as of December 1, 1985 between the Manager and the Developer.

"Manager" means Gene B. Glick Company Inc., d/b/a Gene Glick Management Corp., an Indiana corporation, with its Principal Office located at 9102 North Meridian Street, PO Box 40177, Indianapolis, Indiana 46240.

"Maximum Primary Contingent Interest" means (i) for any Contingent Interest Period during the First Interest Period containing 360 days or more, 1.0% of the weighted average aggregate amount of the Note outstanding during that Contingent Interest Period; and (ii) for any Contingent Interest Period during the First Interest Period containing less than 360 days, 1.0% of the weighted average aggregate amount of the Note outstanding during that Contingent Interest Period multiplied by a fraction, the numerator of which is the number of days in that Contingent Interest Period (based on 12 months of 30 days in each month) and the denominator of which is 360; and (iii) for any Contingent Interest Period during the Second Interest Period containing 360 days or more, 2.5% of the weighted average aggregate amount of the Note outstanding during that Contingent Interest Period; and (iv) for any Contingent Interest Period during the Second Interest Period containing less than 360 days, 2.5% of

the weighted average aggregate amount of the Note outstanding during that contingent Interest Period multiplied by a fraction, the numerator of which is the number of days in that Contingent Interest Period (based on 12 months of 30 days in each month) and the denominator of which is 360.

"Maximum Supplemental Contingent Interest" means (i) for any Contingent Interest Period containing 360 days or more, 5% of the weighted average aggregate amount of the Note outstanding during that Contingent Interest Period, and (ii) for any Contingent Interest Period containing less than 360 days, 5% of the weighted average aggregate amount of the Note outstanding during that Contingent Interest Period multiplied by a fraction, the numerator of which is the number of days in that Contingent Interest Period (based on 12 months of 30 days in each month) and the denominator of which is 360.

"Moody's" means Moody's Investors Service, a corporation organized and existing under the laws of the State of Delaware, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "Moody's" shall be deemed to refer to any other nationally recognized rating agency designated by the Issuer with the approval of the Developer.

"Mortgage" means, collectively, (i) the Mortgage Agreement dated as of December 1, 1985 from the Developer to the Owner, and (ii) the Assignment of Rents and Leases dated as of December 1, 1985 from the Developer to the Owner.

"Net Cash Flow" means the Cash Flow remaining after the application of the Cash Flow to the following items:

First, the payment of the Base Interest due on the Note;

Second, the repayment, if any, of any Working Capital Loans, with interest thereon;

Third, the payment to the Administrator of the annual administrative fee of 0.45% per annum of the principal amount of the Note;

Fourth, the payment of a property management fee to the Manager of 5% of the gross rental revenues of the Project;

Fifth, a deposit in the Replacement Reserve Fund in an amount equal to 2% of the gross revenues of the Project; and

Sixth, the repayment of any Operating Deficit Loans.

"Net Offering Proceeds" means, collectively, the proceeds of All Multifamily Mortgage Notes.

"Net Sale or Refinancing Proceeds" means the amount remaining from the Sale or Refinancing Proceeds after deduction of the following amounts:

First, the payment of the outstanding principal amount of the Note;

Second, the payment of any Base Interest due and unpaid;

Third, the payment of any administrative fee to the Administrator which is due and unpaid; and

Fourth, any and all other outstanding liabilities of the Developer incurred in the ordinary course of business with respect to operation and management of the Project, which may include, without limitation, payments agreed to in writing by the Developer and Owner as follows:

(i) the repayment of any Working Capital Loans with interest thereon;

(ii) the payment of any property management fee to the Manager which is due and unpaid; and

(iii) the payment of any Operating Deficit Loans.

"Note" means the Issuer's \$12,600,000 (maximum, subject to Section 10.02 hereof) aggregate principal amount Multifamily Mortgage Revenue Note (Woodbridge Apartments of Bloomington III Project) Series 1985 issued pursuant to this Ordinance.

"Note Payment Date" means any Interest Payment Date and any other date on which the principal of, premium, if any, and interest on the Note is to be paid to the Owner thereof, whether upon redemption, at maturity or upon acceleration of maturity of the Note.

"Operating Deficits Guarantee" means the Operating Deficits Guarantee dated as December 1, 1985 pursuant to which the Construction Guarantor and the Guarantor make certain guarantees to

the Owner with regard to certain operating deficits, if any, of the Project.

"Operating Deficit Loans" means the loans made by the Construction Guarantor or the Guarantor or any other party to the Developer for any purpose for which payment has been guaranteed under the Operating Deficits Guarantee.

"Owner" means America First Tax Exempt Mortgage Fund Limited Partnership, a Delaware limited partnership, and any successor owner of the Note. Prior to the Initial Remarketing Date, Principal Office of the Owner means 1004 Farnam Street, Omaha, Nebraska 68102.

"Owners" means the registered owners of the Notes.

"Primary Contingent Interest" means the interest due on the Note determined in accordance with Section 2.03(c)(1) hereof.

"Primary Deferred Interest" means for any Contingent Interest Period, the amount, if any, by which the Maximum Primary Contingent Interest exceeds the amount of Primary Contingent Interest actually paid with respect to that Contingent Interest Period.

"Principal Office" means, with respect to any party, the office designated as such in this Article, or as designated by the respective party in writing to the Issuer, the Developer, the Owner, the Servicer and the Remarketing Agent, if any, with the most recent designation controlling.

"Project" means the multifamily residential rental housing development with respect to which the Project Loan is to be made, which Project is hereby approved and will be acquired, operated and maintained in compliance with the Loan Agreement, and which is more fully described in Exhibit A to the Loan Agreement.

"Project Costs" means the reasonable and necessary costs incurred by the Developer subsequent to March 7, 1985 to acquire, construct, equip and install the Project, and which are permitted by the Act to be financed with the proceeds of the Note, but only to the extent that (i) such costs are chargeable to the Project's capital account or would be so chargeable either with a proper election by the Developer or but for a proper election to deduct such costs, within the meaning of Treasury Regulation 1.103-8(a)(1), as it may be amended from time to time, and (ii) such costs constitute a residential rental project within the meaning of Section 103(b)(4)(A) of the Code, including, without limitation, the following (but only to the extent the following costs meet the above requirements):

(a) The cost of acquiring real property and any buildings thereon, including payments for options, deposits or contracts to purchase properties;

(b) The cost of site preparation, demolition and development;

(c) Fees in connection with the planning, execution and financing of the Project and issuing the Note, such as those of architects, engineers, attorneys, accountants and the Issuer;

(d) The cost of studies, surveys, plans, permits, insurance, interest, financing, tax and assessment costs and other operating and carrying costs during construction, rehabilitation or reconstruction of the Project;

(e) The cost of the construction, rehabilitation and equipping of the Project;

(f) The cost of land improvements, such as landscaping and off-site improvements, whether such costs are paid in cash, property or service;

(g) Expenses in connection with initial occupancy of the Project;

(h) The cost of such other items, including relocation costs, indemnity and surety bonds and premiums on insurance, as shall be reasonable and necessary for the development of the Project;

(i) The mortgage placement fee of the Owner;

(j) If the Developer and Owner agree in writing, a loan placement fee and other fees and expenses relating to the issuance of the Note equal to 1% of \$12,600,000; the construction contractor's profit and overhead allowance equal to 8% of the price of the construction contract for the Project, payable to the construction contractor; and a developer's fee equal to 3% of \$12,600,000 payable to the Developer; but not including any other fees or other compensation payable to the Developer, the Guarantor or their affiliates; and

(k) Base Interest paid on the Note from the date of initial issuance and delivery of the Note to the Final Advance Date, provided the Developer and Owner enter into a Construction Loan Agreement.

"Project Loan" means the mortgage loan made by the Issuer to the Developer with respect to the Project, to be made in accordance with the Loan Agreement for the purpose of financing the acquisition and construction of the Project.

"Project Loan Documents" means, collectively, the Mortgage, the Developer Note, the Loan Agreement, the Management Agreement, the Servicing Agreement, the Regulatory Agreement, the Construction Completion Guarantee, and the Operating Deficits Guarantee, together with all other documents or instruments executed by the Developer which evidence or secure the Developer's indebtedness under the Developer Note.

"Project Loan Fund" means the escrow fund by that name described in Section 6.01 hereof and created pursuant to the Escrow Agreement and to be disbursed as provided in Article VI hereof.

"Project Site" means the land on which the Project is located, as described in Exhibit B to the Loan Agreement.

"Refinancing" means a refinancing of the Project, including a remarketing of the Note pursuant to Article V hereof.

"Regulatory Agreement" means the Regulatory Agreement dated as of December 1, 1985 among the Issuer, the Owner and the Developer, and any and all amendments and supplements thereto.

"Remarketed Notes" shall refer to the instrument or instruments issued to replace the Note on and after the Initial Remarketing Date, as specified in Section 5.04 hereof.

"Remarketing Agent" means the entity designated in Article V hereof and any successor thereto.

"Remarketing Date" means the Initial Remarketing Date and any December 1 thereafter that is the first day of a Remarketing Period.

"Remarketing Indenture" means any indenture of trust entered into in connection with a remarketing of the Note in accordance with Article V hereof.

"Remarketing Period" means the period of not less than one year commencing on each Remarketing Date to but not including the earlier of the next succeeding Remarketing Date or the maturity of the Note determined by the Remarketing Agent to be a period during which the Note will bear interest at the Remarketing Rate fixed for such period.

"Remarketing Rate" means the rate of interest per annum which is borne by the Note on and after each Remarketing Date and which is established by the Remarketing Agent in accordance with Article V of this Ordinance to be in effect for the Remarketing Period which begins on such Remarketing Date.

"Replacement Reserve Fund" means the escrow fund by that name described in Section 6.07 hereof and created by the Escrow Agreement and to be disbursed as provided in Article VI hereof.

"Sale" means a sale or other disposition of the Project, or the sale or other disposition of an equity interest in the entity which owns the Project at any time, but not including any sale or other disposition of any equity interest in the entity which owns the Project or any sale disposition of the Project to a limited partnership but only if: (i) Eugene Glick and Marilyn Glick, if then living, are or will be general partners of the entity which owns the Project after such sale or other disposition; (ii) unless the Owner otherwise consents in writing, the value of the limited partnership interests (determined on a present value basis) in the entity which will own the Project following such sale or other disposition will not exceed 20% of the amount of the Project Loan then outstanding; and (iii) there exists no default with respect to the Project Loan.

"Sale or Refinancing Proceeds" means (A) in the event of a Sale, the net sales price of the Project (net of all costs of a Sale), or (B) in any other case, the fair market value of the Project as determined in accordance with Section 2.03(d)(5) hereof.

"Second Interest Period" means the period of time commencing December 1, 1988 to (but not including) the earlier of the Initial Remarketing Date or the date upon which the Note is paid in full (whether by redemption, acceleration or otherwise).

"Servicer" means FirstTier Mortgage Company, of Omaha, Nebraska.

"Servicing Agreement" means the Servicing Agreement dated December 1, 1985 between the Servicer and the Owner.

"S&P" means Standard & Poor's Corporation, a corporation organized and existing under the laws of the State of New York, its successors and assigns, and, if such corporation shall for any reason no longer perform the functions of a securities rating agency, "S&P" shall be deemed to refer to any other nationally recognized securities rating agency designated by the Issuer with the approval of the Developer.

"State" means the State of Indiana.

"Supplemental Contingent Interest" means the interest due on the Note determined in accordance with Section 2.03(c)(2) hereof.

"Supplemental Deferred Interest" means, for any Contingent Interest Period, the amount, if any, by which the Maximum Supplemental Contingent Interest exceeds the amount of Supplemental Contingent Interest actually paid with respect to that Contingent Interest Period.

"Tender Agent" shall have the meaning set forth in Article V hereof.

"Trust Estate" means all right, title and interest of the Issuer in and to the Issuer Documents and the Developer Note, including all extensions and renewals of the terms thereof, if any, including, but not limited to, the present and continuing right to make claim for, collect, receive and receipt for any of the sums, amounts, income, revenues, issues and profits and any other sums of money payable or receivable under or on account of such documents (except for amounts payable to the Issuer under Sections 3.4(b), 6.7 and 7.4 of the Loan Agreement), to bring actions and proceedings thereunder or for the enforcement thereof and to do any and all things that the Issuer under any of such documents is or may become entitled to do; and all moneys and securities from time to time held by the Owner under the terms of this Ordinance, except for moneys deposited with or paid to the Owner for the redemption of Note, notice of the redemption of which has been duly given.

"Working Capital Loans" means any loans made by any party to the Developer for the purpose of providing working capital to the Developer, including loans to make necessary repairs on and maintain the Project, but not including any loan made for any purpose for which payment has been guaranteed under the Operating Deficits Guarantee; provided however that the Owner shall have approved such loan in writing.

ARTICLE II

THE NOTE

Section 2.01. Authorized Amount of Note. No Note shall be issued under the provisions of this Ordinance except in accordance with this Article. The total principal amount of the Note that may be issued is hereby expressly limited to \$12,600,000, except as provided in Section 2.07, 2.09 and Article V hereof.

Section 2.02. Issuance of Note.

(a) The Note shall be designated "The City of Bloomington, Indiana Multifamily Mortgage Revenue Note (Woodbridge Apartments of Bloomington III Project) Series 1985." The Note shall be issuable as one fully registered Note without coupons in the Authorized Denomination and shall be initially numbered R-1 and to the extent of replacement instruments pursuant to Sections 2.07, 2.09 and Article V shall be numbered consecutively from R-2 upward.

(b) The Note shall be dated as of its date of original issuance and delivery.

(c) The Note shall bear interest, from its date until the earlier of the Initial Remarketing Date or the date on which the Note is paid in full (whether by acceleration, redemption or otherwise), in the amounts and in the manner set forth in Section 2.03 hereof. On and after the Initial Remarketing Date, the Note shall bear interest as set forth in Article V hereof.

(d) The Note shall mature on December 1, 2015, subject to the rights and requirements of prior purchase or redemption described in Articles III and V hereof.

(e) The principal of and premium, if any, on the Note shall be payable, without exchange or collection charges, in lawful money of the United States of America upon its presentation and surrender as it becomes due and payable, whether at maturity or by prior redemption, at the Principal Office of the Owner. Payment of interest on the Note shall be transmitted by wire transfer or other means acceptable to the Owner to the bank account number on file with the Developer.

Section 2.03. Interest Rates.

(a) Until the earlier of the Initial Remarketing Date or the payment in full of the Note (whether by redemption, acceleration or otherwise), the Note shall bear interest at a rate to be determined as provided in this Section 2.03, but in no event shall the Note bear interest (including Base Interest and all Contingent Interest) at a rate which exceeds the lesser of 16% per annum or the maximum amount allowed by the laws of the State. On and after the Initial Remarketing Date, the Note shall bear interest at the Remarketing Rate as provided in Article V hereof. Interest on the Note shall be computed on the basis of a year of 365 days or 366 days, as applicable. Interest on the Note shall be comprised of several components set forth in this Section 2.03 and outlined as follows:

(1) During the First Interest Period, the Note shall bear interest at:

(A) the Base Interest set forth in Section 2.03(b)(1) hereof;

(B) The Primary Contingent Interest (including the Primary Deferred Interest) set forth in Section 2.03(c)(1) hereof;

(C) The Supplemental Contingent Interest set forth in Section 2.03(c)(2) hereof; and

(D) The Primary Deferred Interest and the Supplemental Deferred Interest set forth in Section 2.03(d)(1) hereof.

(2) During the Second Interest Period, the Note shall bear interest at:

(A) the Base Interest set forth in Section 2.03(b)(2) hereof;

(B) the Primary Contingent Interest (including the Primary Deferred Interest) set forth in Section 2.03(c)(1) hereof;

(C) the Supplemental Contingent Interest set forth in Section 2.03(c)(2) hereof; and

(D) The Primary Deferred Interest and the Supplemental Deferred Interest set forth in Section 2.03(d)(1) hereof.

(b) The Note shall bear interest calculated and payable as follows (which interest is referred to herein as "Base Interest"):

(1) During the First Interest Period, the Note shall bear Base Interest at a rate equal to 10% per annum payable on each Interest Payment Date.

(2) During the Second Interest Period, the Note shall bear Base Interest at a rate equal to 8.50% per annum payable on each Interest Payment Date.

(c) The Note shall bear contingent interest calculated and payable as follows (which interest is referred to as "Contingent Interest"):

(1) During each Contingent Interest Period within the First Interest Period, the Note shall bear Contingent Interest in an amount not to exceed the amount of interest produced by an annual rate of 1.0% on the outstanding principal amount of the Note, and during each Contingent Interest Period within the Second Interest Period, the Note shall bear Contingent Interest in an amount not to exceed the amount of interest produced by an annual rate of 2.5% on the outstanding principal amount of the Note (which amount is referred to as "Maximum Primary Contingent Interest" and is more fully defined in Article I hereof), all payable from 100% of the Net Cash Flow for that Contingent Interest Period. If the Net Cash Flow in any Contingent Interest Period is insufficient to enable the Issuer to pay the Maximum Primary Contingent Interest, then the Issuer shall pay the maximum amount possible from such Net Cash Flow (which amount so payable is referred to as the "Primary Contingent Interest" for that Contingent Interest Period). The difference between the Maximum Primary Contingent Interest and the Primary Contingent Interest (which difference is referred to as the "Primary Deferred Interest" and is more fully defined in Article I hereof) shall be deferred without interest and paid in arrears on the earliest possible Note Payment Date from 100% of the Net Cash Flow in later Contingent Interest Periods to the extent such Net Cash Flow is available and prior to the payment of any other Primary Contingent Interest under this paragraph or any Supplemental Contingent Interest payable under paragraph (2) below; and to the extent such Net Cash Flow is not available in later Contingent Interest Periods, the Primary Deferred Interest shall be payable to the extent Net Sale or Refinancing Proceeds are available as provided in Section 2.03(d)(1) hereof. The Primary Contingent Interest shall be paid in the amounts and in the manner as provided in paragraphs (3), (4) and (5) below.

(2) During each Contingent Interest Period within the First Interest Period or the Second Interest Period, the Note shall also bear Contingent Interest in an amount not to exceed the amount of interest produced by an annual rate of 5% on the outstanding principal amount of the Note (which maximum amount is referred to as the "Maximum Supplemental Contingent Interest" and is more fully defined in Article I hereof), payable out of 50% of the Net Cash Flow for that Contingent Interest Period remaining after deducting the Primary Contingent Interest payment. If 50% of the Net Cash Flow in any such Contingent Interest Period is insufficient to enable the Issuer to pay the Maximum Supplemental Contingent Interest, then the Issuer shall pay the maximum amount possible from 50% of such Net Cash Flow (which amount so payable is referred to as the "Supple-

mental Contingent Interest" for that Contingent Interest Period). The difference between the Maximum Supplemental Contingent Interest and the Supplemental Contingent Interest (which difference is referred to as "Supplemental Deferred Interest" and is more fully defined in Article I hereof) shall be deferred without interest and paid to the extent Net Sale or Refinancing Proceeds are available as provided in Section 2.03(d)(1) hereof. The Supplemental Contingent Interest payable out of Net Cash Flow shall be paid in the amounts and in the manner provided in paragraphs (3), (4) and (5) below.

(3) No later than five Business Days before each Interest Payment Date, the Developer shall calculate the Net Cash Flow for the next preceding three-month period commencing on a January 1, April 1, July 1 or October 1 and shall provide to the Owner and the Servicer the analysis of such Net Cash Flow. The Owner or the Servicer may request further substantiation of the Developer's calculation of Net Cash Flow and may verify and correct as necessary the arithmetic calculations. If the Owner or the Servicer does reasonably modify such calculation, the Owner or the Servicer shall notify the Developer of such modified calculation no later than three Business Days before such Note Payment Date, and such modified calculation shall be the basis for the calculations set forth in paragraph (4) below.

(4) On each Interest Payment Date, the Issuer shall pay the Owner the following amounts:

(A) For any part of the First Interest Period which is within the period since the next preceding Interest Payment Date to such Interest Payment Date on which payment is to be made, an amount not to exceed the amount of interest produced by an annual rate of 1.0% on the outstanding principal amount of the Note, and for any part of the Second Interest Period which is within the period since the next preceding Interest Payment Date to such Interest Payment Date on which such payment is to be made, an amount not to exceed the amount of interest produced by an annual rate of 2.5% on the outstanding principal amount of the Note, all payable to the extent possible out of 100% of the Net Cash Flow for such period; and

(B) For any part of the First Interest Period or the Second Interest Period which is within the period since the next preceding Interest Payment Date to such Interest Payment Date on which payment is to be made, an amount not to exceed the amount of interest pro-

duced by an annual rate of 5% on the outstanding principal amount if the Note, payable to the extent possible out of 50% of the Net Cash Flow for such period after deducting the amount calculated in paragraph (A) above.

(5)(A) No later than 90 days after the end of each Contingent Interest Period (except for the Contingent Interest Period ending immediately before the Initial Remarketing Date or the date of the payment in full of the Note, whether by redemption, acceleration or otherwise), the Developer shall provide to the Owner an audit of the operations of the Project for that Contingent Interest Period prepared by a nationally recognized public accounting firm prepared in accordance with generally accepted auditing standards. The audit shall state the actual amount of the Net Cash Flow for that Contingent Interest Period and shall calculate the Primary Contingent Interest and the Supplemental Contingent Interest in accordance with paragraphs (1) and (2) above.

(B) In the case of the Contingent Interest Period ending immediately before the Initial Remarketing Date or the date of the payment in full of the Note (whether by redemption, acceleration or otherwise), the Developer shall provide to the Owner no later than five Business Days before such date an audit of the operations of the Project calculating the actual amount of the Net Cash Flow through the latest date practicable in that Contingent Interest Period prepared by a nationally recognized public accounting firm prepared in accordance with generally accepted auditing standards. For purposes of determining the Net Cash Flow for the entire Contingent Interest Period, the audit shall extrapolate the actual Net Cash Flow determined in accordance with the preceding sentence over the entire Contingent Interest Period, and such extrapolated Net Cash Flow shall be the Net Cash Flow for that Contingent Interest Period for purposes of this Section 2.03(c).

(C) The audit prepared in accordance with this paragraph (5) shall state the amounts paid during each Contingent Interest Period pursuant to paragraph (4) above and the amount by which Primary Contingent Interest and Supplemental Contingent Interest payable out of Net Cash Flow as provided in paragraphs (1) and (2) above are greater than or less than the amounts paid pursuant to paragraph (4) above. If the amounts of Primary Contingent Interest and Supplemental Contingent Interest due and payable out of Net Cash Flow exceed the amounts paid pursuant to paragraph (4) above, then the Issuer shall pay to the Owner any such payable and unpaid amounts on the Note Payment Date immedi-

ately following the receipt by the Owner of the audit. If the amounts of Primary Contingent Interest and Supplemental Contingent Interest due and payable out of Net Cash Flow are less than the amounts paid pursuant to paragraph (4) above, the Issuer shall receive a credit for such overpaid amounts against any other payments due by the Issuer to the Owner on the Note Payment Date immediately following the receipt by the Owner of the audit.

(d) Deferred Interest shall be calculated and payable as follows:

(1) Primary Deferred Interest and Supplemental Deferred Interest shall be calculated as provided in Sections 2.03(c)(1) and (2) above and shall be payable in the manner provided in paragraphs (2), (3), (4) and (5) below.

(2) If the Note is being redeemed pursuant to Section 3.01(d) hereof because of the Sale of the Project, the Primary Deferred Interest and the Supplemental Deferred Interest (in that order) shall be paid from the Net Sale or Refinancing Proceeds resulting from such Sale to the extent provided by paragraph (4) below, on the date of the redemption of the Note pursuant to Section 3.01(d) hereof.

(3) If the Note is being redeemed or paid in full for any reason other than a Sale of the Project pursuant to Section 3.01(d) hereof or if the Note is being remarketed pursuant to Article V of this Ordinance, then the Primary Deferred Interest and the Supplemental Deferred Interest (in that order) shall be paid from moneys provided to the Issuer by the Developer which equal Net Sale or Refinancing Proceeds to the extent provided to the Issuer by paragraph (4) below, on the date of such redemption, acceleration or other payment in full of the Note or on the Initial Remarketing Date, as applicable; provided that upon the redemption of the Note in part, Deferred Interest shall be paid from moneys provided by the Developer to the Issuer which are equal to the pro rata share of the Net Sale or Refinancing Proceeds corresponding to the proportional amount of the Note redeemed in part.

(4) If on the earlier of the Initial Remarketing Date or the date of the payment in full of the Note (whether by redemption, acceleration or otherwise), interest in an amount equal to 16% per annum on the Note has not been paid to the Owner, then Deferred

Interest shall be paid from Net Sale or Refinancing Proceeds as follows:

(A) 100% of the Net Sale or Refinancing Proceeds will be utilized to pay Deferred Interest until the Note has been determined to have borne interest at a cumulative and noncompounded rate per annum equal to 11%;

(B) if any Net Sale or Refinancing Proceeds remain after such payment in (A) above, an amount equal to up to 50% of such Net Sale or Refinancing Proceeds will be utilized to pay Deferred Interest until the Note has been determined to have borne interest at a cumulative and noncompounded rate per annum equal to 16%; and

(C) the balance, if any, of the Net Sale or Refinancing Proceeds shall be paid to the Developer.

(5)(A) In order to calculate Net Sale or Refinancing Proceeds for the purposes of paragraph (3) above, the fair market value of the Project shall be determined no later than 30 days before the Initial Remarketing Date or the date of any redemption of the Note (other than a redemption due to a Sale of the Project pursuant to Section 3.01(d) hereof), or as soon as possible after the date of acceleration of the Note, as follows: The Owner shall select an independent appraiser and the Developer shall select an independent appraiser. The appraisers shall jointly determine and agree upon the fair market value of the Project (as described in paragraph (B) below). If the two appraisers are unable to agree upon the fair market value of the Project, the Owner and the Developer may agree on the fair market value of the Project. If the Owner and the Developer are unable to agree on the fair market value of the Project, the Developer and the Owner shall jointly select a third appraiser, in which event the fair market value of the Project shall be as determined by whichever of the first two appraisals is selected by the third appraiser. The costs of the appraisal by the appraiser selected by each party shall be borne by the party selecting the appraiser and the cost of the third appraisal shall be borne equally by the Developer and the Owner.

(B) The fair market value of the Project for purposes of this Section 2.03(d)(5) shall reflect the amount each appraiser believes a purchaser which is

ready, willing and able to purchase the Project would pay to a seller which is not forced to sell the Project.

(C) If the Note is being redeemed pursuant to Section 3.01(a) or (b) hereof, the fair market value shall be determined as of the day before the occurrence of such events requiring the payment of Insurance Proceeds or a Condemnation Award, as if such events had not occurred. If the Note is being redeemed pursuant to any other provision of Section 3.01 hereof (except Section 3.01(d)), the net fair market value shall be determined as of the date of the appraisals, which date may not be more than 120 days before the date of redemption or the Initial Remarketing Date.

Section 2.04. Execution of Note. The Note shall be executed on behalf of the Issuer with the manual signature of its Mayor and shall have impressed or imprinted thereon the official seal of the Issuer and be attested with the manual signature of the Clerk of the Issuer. The Note shall be valid, legal and binding upon its execution and delivery.

Section 2.05. Form of Note. Prior to the earlier of the Initial Remarketing Date or the date of payment in full of the Note (whether by redemption, acceleration or otherwise), the Note shall be in substantially the form set forth on Exhibit A attached hereto, with appropriate variations, omissions and insertions as permitted or required by this Ordinance. On and after the Initial Remarketing Date, the Note shall be in such form as permitted by Article V hereof.

Section 2.06. Delivery of Note. Prior to the initial issuance and delivery by the Issuer of the Note, there shall be filed with the Issuer and delivered to the Owner:

(1) A copy, duly certified by the Clerk of the Issuer, of this Ordinance;

(2) Original executed counterparts of the Issuer Documents and the Project Loan Documents;

(3) Evidence of receipt by the Escrow Agent from the Owner of the sum of \$12,600,000 for deposit into the Project Loan Fund as described in the Escrow Agreement;

(4) An opinion of the Developer's counsel in form and substance acceptable to counsel to the Owner;

(5) An opinion of counsel for the Issuer, in form and substance satisfactory to counsel to the Owner, stating that this Ordinance has been adopted by the Issuer and has not been amended or repealed, the execution and delivery of the Issuer Documents have been duly authorized and the Issuer Documents have been executed and delivered by the Issuer and that, assuming proper authorization and execution and delivery by the other parties thereto, the Issuer Documents are valid and binding agreements of the Issuer, enforceable against the Issuer in accordance with their respective terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or similar law affecting the enforcement of creditors' rights generally); that the issuance of the Note and the execution of the Issuer Documents have been duly and validly authorized; that all conditions precedent to the delivery of the Note have been fulfilled; and that the Note is a valid and binding obligation, enforceable against the Issuer in accordance with its terms (subject to any applicable bankruptcy, reorganization, insolvency, moratorium or similar law affecting the enforcement of creditors' rights generally); and

(6) An opinion of Bond Counsel, in form and substance acceptable to the Owner, substantially to the effect that the Note constitutes a legal, valid and binding obligation of the Issuer and that under existing statutes, regulations, published rulings and judicial decisions, so long as the Developer abides by the covenants set forth in the Regulatory Agreement, the interest on the Note is exempt from federal income taxation, except for interest on any Note for a period during which such Note is held by a person who, within the meaning of Section 103(b)(13) of the Code, is a "substantial user" of the Project or a "related person."

Section 2.07. Mutilated, Lost, Stolen or Destroyed Note. In the event the Note is mutilated, lost, stolen or destroyed, the Issuer shall execute a new Note of like date, maturity and denomination to that mutilated, lost, stolen or destroyed, provided that, in the case of any mutilated Note, such mutilated Note shall first be surrendered to the Issuer for destruction, and in the case of any lost, stolen or destroyed Note, there first shall be furnished to the Issuer and the Developer evidence of such loss, theft or destruction satisfactory to the Issuer and the Developer, together with an indemnity satisfactory to them. The Issuer and the Developer may charge the Owner with their reasonable fees and expenses (including any Bond Counsel fees and expenses) for such service.

Section 2.08. Ownership. The Issuer, the Developer and any other person shall treat the person in whose name the Note is registered (in the manner described in Section 2.09) as the absolute Owner of such Note for the purpose of making and receiving payment of the principal of, premium, if any, and interest thereon, and the Issuer and the Developer shall not be bound by any notice or knowledge to the contrary. All payments made to the person deemed to be the Owner of the Note in accordance with this Section 2.08 shall be valid and effectual and shall discharge the liability of the Issuer and the Owner upon the Note to the extent of the sums paid.

Section 2.09. Registration and Transfer.

(a) The Developer is hereby appointed registrar of the Issuer for the Note, and so long as the Note remains outstanding, the Developer shall keep at its Principal Office a register in which, subject to such reasonable regulations as it may prescribe, the Developer shall provide for the registration and transfer of the Note in accordance with the terms of this Ordinance.

(b) The Note shall be transferable only by execution by the Owner of the Assignment in the form set forth as part of the form of Note in Exhibit A hereto and delivery of the Note to the new Owner thereof and by presenting a certificate executed by the Owner of the Note desiring to transfer the Note, at the Principal Office of the Developer, certifying to the effect that the Note has been duly endorsed for transfer to the new Owner thereof and that an assignment in the form set forth as part of the form of Note in Exhibit A hereto has been duly executed by the Owner or its duly authorized representative, together with a copy of such Note And Assignment.

(c) It shall not be necessary to execute an exchange Note (1) upon its transfer as provided in Section 2.09(b) above (and the endorsement for transfer and assignment shall serve as evidence of the ownership of the Note) or (2) upon its reduction of principal upon a partial redemption thereof (and the notation in the Certificate Regarding Reduction of Principal shall serve as evidence of the principal amount of the Note) in accordance with Section 3.01 hereof; provided that an exchange Note may be issued by the Issuer upon the retention by the Developer of Bond Counsel to prepare the exchange Note and arrange for the execution thereof by the Issuer. The Note may be so exchanged upon the presentation and surrender thereof at the Principal Office of the Developer for a Note of the same maturity and interest rate and in the Authorized Denomination, in an aggregate principal amount equal to the unpaid principal amount of the Note presented for exchange. Each exchange Note delivered in accordance with this Section 2.09(c)(1) shall constitute an original

additional contractual obligation of the Issuer and shall be entitled to the benefits and security of this Ordinance to the same extent as the Note in lieu of which such exchange Note is delivered.

(d) The Issuer or the Developer may require the Owner of the Note to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer of the Note, provided that all costs of Bond Counsel shall be paid by the Developer.

(e) Except as provided in Article V hereof, the Note may only be transferred, as a whole, in any Authorized Denomination, (i) to any subsidiary of the Owner, an affiliate with the same or substantially the same general partner as the Owner, to any entity arising out of any merger or consolidation of the Owner, by operation of law, or to a trustee in bankruptcy of the Owner; or (ii) in connection with a sale to an Institutional Investor if, in either instance, the Developer receives from the transferee of the Note an executed agreement to be bound by the transfer restrictions set forth in this Section 2.09(e) in connection with subsequent transfers of the Note.

ARTICLE III

BOND REMARKETING AND REDEMPTION PROVISIONS

Section 3.01. Mandatory Redemption of the Note. Prior to the Initial Remarketing Date, the Note shall be subject to redemption prior to maturity at a redemption price equal to the principal amount of the Note so called for redemption, plus accrued interest to the redemption date, but without premium, only as follows:

(a) in whole or in part on any Interest Payment Date on or prior to December 1, 1988 to the extent that moneys (including investment earnings) remain in the Project Loan Fund unexpended (or are not held specifically for a party for amounts owing but not yet due and payable) on the earlier of the Final Advance Date or November 15, 1988, and such moneys in the Project Loan Fund will be applied to such redemption; or

(b) in whole or in part on the first Interest Payment Date for which adequate notice can be given in accordance with this Ordinance to the extent that Developer prepays the Developer Note on a mandatory basis upon the occurrence of an event of casualty or condemnation in connection with the Project, as described in Sections 5.1 and 5.2(a) of the Loan Agreement; or

(c) in whole on December 1, 1997, unless the Note is remarketed pursuant to Article V hereof; or

(d) in whole on the date of any Sale of the Project prior to December 1, 1997; or

(e) in whole on the date of any Refinancing of the Project (not including a remarketing of the Note pursuant to Article V hereof) prior to December 1, 1997; or

(f) in whole on any date selected by the Owner following a Determination of Taxability or upon any prepayment of the amounts payable under the Loan Agreement pursuant to Section 5.2(b) of the Loan Agreement; or

(g) in whole on any date selected by the Owner to the extent the Developer is required to prepay the Developer Note pursuant to Section 5.2(b) of the Loan Agreement; or

(h) in whole on any Interest Payment Date on or after December 1, 1995 (but in no event later than December 1, 1997) at the option of the Owner exercised by giving not less than six months' prior written notice to the Issuer and the Developer, which notice of the Owner shall specify the date on which the Note is to be redeemed; or

(i) in whole on any Interest Payment Date prior to December 1, 1993 at the option of the Developer but with the prior written consent of the Owner; or

(j) in whole on any Interest Payment Date on or after December 1, 1993 at the option of the Developer.

Section 3.02. Remarketing in Lieu of Redemption. In lieu of redemption pursuant to Section 3.01(h) hereof, the Issuer shall, at the option of the Developer, proceed with the remarketing of the Note pursuant to Article V hereof, provided that if all of the conditions to remarketing the Note set forth in Article V are not met, the Note shall be redeemed on the date set by the Owner for redemption.

Section 3.03. Notice of Redemption. Except as otherwise provided in Section 3.01, the Owner shall give notice to the Developer of any redemption, specifying the principal amount of the Note to be redeemed, by telephone, promptly confirmed in writing, not less than two Business Days before the date fixed for redemption.

Section 3.04. Redemption Payments; Redemption in Part.

(a) If notice of redemption has been duly given or waived as herein provided, then the Note (or portion thereof to be redeemed) shall be due and payable at the Principal Office of the Owner on the redemption date at the applicable redemption price.

(b) In the event the Note shall be redeemed in part, it shall not be necessary to execute an exchange Note; provided that the Note shall still be presented to the Developer, as registrar of the Issuer for the Note (as described in Section 2.09 hereof), and the Developer, as registrar, and the Owner shall note on the Certificate Regarding Reduction of Principal attached to the Note, the new principal amount of the Note resulting from such reduction of principal, and the Note shall then be returned to the Owner.

(c) From and after any redemption date (redemption moneys having been made available), notwithstanding that the Note so called for redemption as a whole or in part shall not have been surrendered for cancellation, no further interest shall accrue upon the Note (or portion thereof) so called for redemption; and the Note (or portion thereof) shall cease to be entitled to any benefit or security under this Ordinance, and the Owner thereof shall have no rights in respect of such Note (or portion thereof) except to receive payment of the redemption price thereof and interest accrued to or payable on the date fixed for redemption.

ARTICLE IV

GENERAL COVENANTS

Section 4.01. Payment of Principal, Premium, if Any, and Interest; Limited Obligation. The Issuer covenants that it will promptly pay the principal of and premium, if any, and interest on every Note issued under this Ordinance at the place, on the dates and in the manner provided herein and in said Note according to the true intent and meaning thereof, but solely from the amounts pledged therefor pursuant to this Ordinance. The principal of and premium, if any, and interest on the Note is payable solely from the amounts to be paid under the Loan Agreement and the Developer Note and otherwise as provided herein and in the Loan Agreement and the Developer Note, which amounts are hereby specifically pledged to the payment thereof in the manner and to the extent herein specified, and nothing in the Note or in this Ordinance shall be construed as pledging any other funds or assets of the Issuer. Neither the State, the Issuer nor any political subdivision of the State shall in any event be liable for the payment of the principal of, premium, if any, or inter-

est on any of the Note or for the performance of any pledge, obligation or agreement undertaken by the Issuer except to the extent that moneys pledged herein are sufficient therefor.

The Note shall not be a general obligation of the Issuer but a limited obligation payable solely from the amounts payable under the Loan Agreement and the Developer Note (except to the extent paid out of moneys attributable to the proceeds derived from the sale of the Note or to income from the temporary investment thereof and, under certain circumstances, to proceeds from insurance and condemnation awards) and shall be a valid claim of the Owner thereof only against the moneys held by the Escrow Agent and the amounts payable under the Loan Agreement (except for amounts payable to the Issuer under Section 3.4(b), 6.7 and 7.4 of the Loan Agreement) and the Developer Note, which amounts are hereby pledged, assigned and otherwise secured to the Owner for the equal and ratable payment of the Note and shall be used for no other purpose than to pay the principal of and premium, if any, and interest on the Note, except as may be otherwise expressly authorized in this Ordinance. Neither the Issuer, the State nor any other political subdivision of the State shall be obligated to pay the principal of such Note or the interest thereon or other costs incident thereto except from the money pledged therefor. Neither the faith and credit nor the taxing power of the Issuer, the State nor any political subdivision of the State is pledged to the payment of the principal of or premium, if any, or interest on the Note or other costs incident thereto.

Section 4.02. Performance of Covenants; Issuer. The Issuer covenants that it will faithfully perform at all times any and all covenants, undertakings, stipulations and provisions contained in this Ordinance and in the Issuer Documents and in any and every Note executed, authenticated and delivered hereunder and in all of its proceedings pertaining hereto. The Issuer covenants that it is duly authorized under the Constitution and laws of the State, including particularly and without limitation the Act, to issue the Note authorized hereby and to adopt this Ordinance, to assign the Trust Estate and to pledge the amounts to be paid under the Trust Estate and other amounts hereby pledged in the manner and to the extent herein set forth, that all action on its part for the issuance of the Note and the execution and delivery of this Ordinance has been duly and effectively taken, and that the Note in the hands of the Owner thereof is and will be a valid and enforceable obligation of the Issuer according to the terms thereof and hereof.

Section 4.03. Instruments of Further Assurance. The Issuer will do, execute, acknowledge and deliver, or cause to be done, executed, acknowledged and delivered, such indentures and such further acts, instruments and transfers as the Owner may

reasonably require for the better assuring, transferring, conveying, pledging, assigning and confirming unto the Owner all and singular the amounts pledged hereby to the payment of the principal of and premium, if any, and interest on the Note. The Issuer, except as herein and in the Loan Agreement provided, will not sell, convey, mortgage, encumber or otherwise dispose of any part of the Project, the amounts, revenues and receipts payable under the Trust Estate or its rights under the Trust Estate.

Section 4.04. Recording and Filing. The Issuer covenants that it will cause all financing statements related to this Ordinance and the Trust Estate, as well as such other security agreements, financing statements and all supplements thereto and other instruments as may be required from time to time to be kept, to be recorded and filed in such manner and in such places as may from time to time be required by law in order to preserve and protect fully the security of the Owner.

Section 4.05. Inspection of Project Books. All books and records in the Issuer's possession relating to the Project and the amounts derived from the Project shall at all reasonable times be open to inspection by such accountants or other agencies as the Owner may from time to time designate.

Section 4.06. Rights Under Loan Agreement and the Developer Note. The Loan Agreement and the Developer Note, duly executed counterparts of which have been filed with the Owner and the Issuer, set forth the covenants and obligations of the Issuer and the Developer, including provisions that subsequent to the issuance of Note and prior to its payment in full or provision for payment thereof in accordance with the provisions hereof, neither the Loan Agreement nor the Developer Note may be effectively amended, changed, modified, altered or terminated without the written consent of the Owner, and reference is hereby made to the Loan Agreement and the Developer Note for a detailed statement of said covenants and obligations of the Developer thereunder, and the Issuer agrees that the Owner in its name or in the name of the Issuer may enforce all rights of the Issuer and all obligations of the Developer under and pursuant to the Loan Agreement and the Developer Note for and on its own behalf, whether or not the Issuer is in Default hereunder.

ARTICLE V

REMARKETING OF THE NOTE

Section 5.01. Remarketing of the Note. No later than 60 days prior to the Initial Remarketing Date, the Issuer shall, at the direction of the Developer, and with notice to the Owner, proceed to remarket the Note in accordance with the provisions

of this Article V. The date on which the Note is to be initially remarketed shall be December 1, 1997 (the "Initial Remarketing Date"), unless the Owner elects to redeem the Note pursuant to Section 3.01(h) hereof, in which case, upon the election of the Developer to proceed with the remarketing of the Note in lieu of its redemption, as described in Section 3.02 hereof, the date selected by the Owner for redemption of the Note shall be the Initial Remarketing Date. Upon the Initial Remarketing Date, a replacement Note or replacement notes or bonds in lieu of a replacement Note shall be issued to the new Owner (or Owners) to replace the Note and to reflect the provisions set forth in Article V hereof and any amendments made to this Ordinance, the Issuer Documents and the Project Loan Documents approved by the Issuer, the Developer and the new Owner (or Owners).

Section 5.02. Appointment of Remarketing Agent and Indexing Agent. No later than 60 days before the Initial Remarketing Date established pursuant to Section 5.01 hereof, the Developer shall cause the appointment of a Remarketing Agent and an Indexing Agent in accordance with the requirements set forth in Article VIII hereof.

Section 5.03. Conditions to the Remarketing of the Note. If, by 12:00 noon, New York City time, on the Initial Remarketing Date, (1) a Remarketing Agent has been appointed; (2) moneys equal to the principal amount of the Note outstanding, plus all interest due and payable on such Initial Remarketing Date, have been delivered by the purchasers identified by the Remarketing Agent and are held by the Remarketing Agent solely for the purchase of such Note; (3) if the Developer elects to provide Additional Security in accordance with Section 5.11 hereof, such Additional Security is in full force and effect and will be in full force and effect until the next succeeding Remarketing Date; and (4) the Issuer has received an opinion of Bond Counsel to the effect that the redetermination of the interest rate does not adversely affect the validity of the Note or the exemption from federal income taxation of the interest on the Note; then the Note shall be sold to the purchasers identified by the Remarketing Agent, with the amounts delivered by the purchasers thereof to the Remarketing Agent to be applied to the payment of the purchase price of the Note to the former Owner thereof. If, by 12:00 noon, New York City time, on the Initial Remarketing Date, the conditions set forth in this Section have not been satisfied, the Owner shall immediately so notify the Developer and the Issuer and the Note shall be redeemed from amounts paid by the Developer under the Loan Agreement and the Developer Note.

Section 5.04. Terms of the Remarketed Notes.

(a) On and after the Initial Remarketing Date, the Note shall be redesignated to reflect whether the instrument or instruments issued to replace the Note are in the form of a note or bond, or notes or bonds (which replacement instrument or instruments are referred to in this Ordinance as the "Remarketed Notes"). In order to further secure the Remarketed Notes, the Issuer may determine to enter into an indenture of trust with a trustee to be named therein.

(b) The Remarketed Notes shall be dated as of the Interest Payment Date next preceding their date of issue, or if issued on an Interest Payment Date, as of such date.

(c) The interest rate on the Remarketed Notes shall be reset on the Initial Remarketing Date and on each Remarketing Date thereafter established pursuant to subsection (e) of this Section 5.04 and such interest rate shall be determined as follows: On the twenty-eighth (28th) day prior to the Initial Remarketing Date and each Remarketing Date thereafter, or on an earlier day selected by the Remarketing Agent with the approval of the Developer, but not earlier than the thirty-fifth (35th) day prior to such Remarketing Date, the Indexing Agent shall compute an Interest Index as described in subparagraph (d) below for such Remarketing Period, and the Indexing Agent shall promptly, but in no event later than such twenty-eighth (28th) day, notify the Developer and the Remarketing Agent of such Interest Index. On a Business Day not prior to ten (10) Business Days prior to the Remarketing Date, the Remarketing Agent, having due regard to prevailing market conditions, shall determine the interest rate (the "Adjusted Interest Rate") which, if borne by the Remarketed Notes on such date, would be the interest rate, but would not exceed the interest rate, which would result in the market value of the Remarketed Notes on such day (as if such day were the first day of such Remarketing Period) being 100% of the principal amount thereof; provided, however, that in no event shall the Adjusted Interest Rate be more than 110%, or less than 90%, of the Interest Index for such Remarketing Period, nor shall it exceed 15% per annum and provided, further, that in the event that the opinion of Bond Counsel as described in Section 5.03 or 5.06, as applicable, cannot be obtained because of such manner of determining the Adjusted Interest Rate, then the Adjusted Interest Rate shall be determined to be 100% of the Interest Index for such Remarketing Period (and the opinion of Bond Counsel as required by Section 5.03 or 5.06, as applicable, shall continue to be required). The Remarketing Agent shall promptly, upon the determination of the Adjusted Interest Rate, notify the Developer of the Adjusted Interest Rate. If for any reason the Adjusted Interest Rate so determined by the Remarketing Agent shall be held to be invalid

or unenforceable by a court of competent jurisdiction, the Remarketing Agent shall determine the interest rate for such Remarketing Period, which shall be a percentage of the 11-Bond Index (as published in The Bond Buyer) for the most recent period for which information is available, computed in accordance with the following table:

If the length of the Remarketing Period (in years) is at least:	But the length of the Remarketing Period (in years) is less than:	The Applicable percentage of the 11-Bond Index is:
5	18	85%
1	5	80

The determination of the Adjusted Interest Rate for a Remarketing Period shall be conclusive and binding upon the Owners of the Remarketed Notes, the Issuer and the Developer.

(d) Each Interest Index shall be expressed as an interest rate per annum and shall be based upon yield evaluations at par of securities for a term approximately equal, to the extent practicable, to the Remarketing Period for which such Interest Index is to be determined of not less than twenty (20) Component Issuers, selected by the Indexing Agent, the securities of which shall bear, or if issued would bear, a credit rating comparable to that of the Remarketed Notes. The specific issuers included in the Component Issuers may be changed from time to time by the Indexing Agent in its discretion. The computation of the Interest Index by the Indexing Agent shall be conclusive and binding upon the Owners of the Remarketed Notes, the Issuer, the Developer and the Remarketing Agent.

(e) No more than 60 days, but at least 45 days, prior to the Initial Remarketing Date, the Developer shall notify the Owner, the Remarketing Agent and Indexing Agent of the Initial Remarketing Date and the length of the proposed Remarketing Period, which shall extend for one or more years, but for no portion of a year. Subsequent to the Initial Remarketing Date, the Developer will establish new Remarketing Dates and new Remarketing Periods as follows: no more than 60 days, but at least 45 days, prior to each new Remarketing Date, the Developer will notify the owners of the Remarketed Notes or their representative, the Remarketing Agent and the Indexing Agent of the proposed Remarketing Date and the length of the proposed Remarketing Period, which shall extend for one or more years, but for no portion of a year.

(f) Notice of the Remarketing Date and the Remarketing Period shall be given not later than the twenty-fifth (25th) day preceding such Remarketing Date by registered or certified mail

to the Owners of all outstanding Remarketed Notes, and such notice shall state that the Remarketed Notes are subject to mandatory tender, unless the Owner elects not to tender the Remarketed Notes, and shall include a form to elect not to tender Remarketed Notes.

Section 5.05. Form of Remarketed Notes. The Remarketed Notes shall be in substantially the form determined by the Issuer on the Initial Remarketing Date, with appropriate variations, omissions and insertions as permitted or required by this Ordinance.

Section 5.06. Delivery of Remarketed Notes. Prior to the redelivery of the Remarketed Notes on any Remarketing Date subsequent to the Initial Remarketing Date, there shall be deposited with the Issuer or its representative:

(1) On or before the tenth Business Day preceding the Initial Remarketing Date or any subsequent Remarketing Date, to be confirmed by 9:00 a.m., New York City time, on such Remarketing Date, an opinion of Bond Counsel to the effect that the redetermination of the interest rate does not adversely affect the validity of the Remarketed Notes or the exemption from federal income taxation of the interest on the Remarketed Notes;

(2) On or before 10:00 a.m., New York City time, on the eighth Business Day immediately preceding the Initial Remarketing Date or any subsequent Remarketing Date, a written firm commitment from the Remarketing Agent to remarket all of the Remarketed Notes tendered for purchase or deemed tendered for purchase on the Remarketing Date pursuant to Section 5.07 hereof and to pay, or cause to be paid, to the Owner by 10:00 a.m., New York City time, on the Remarketing Date the purchase price of such Remarketed Notes;

(3) On or before 10:00 a.m., New York City time, on the Remarketing Date such sum of money as is referred to in clause (2) above shall be paid to the Owners of the Remarketed Notes; and

(4) On or before 10:00 a.m., New York City time, on the Remarketing Date, if the Developer elects to provide Additional Security in accordance with Section 5.11 hereof, evidence that such Additional Security is in full force and effect and will be in full force and effect until the next succeeding Remarketing Date.

Section 5.07. Mandatory Tender of Remarketed Notes. The Remarketed Notes shall be subject to mandatory tender, to a des-

Designated tender agent (the "Tender Agent"), on each Remarketing Date after the Initial Remarketing Date for purchase by the Remarketing Agent, at a purchase price equal to the principal amount thereof plus accrued interest to the purchase date; provided, however, that there shall not be tendered on such Remarketing Date any Remarketed Notes (including Remarketed Notes issued in exchange for, or upon the transfer of, such Remarketed Notes) with respect to which the Tender Agent shall have received from the owners thereof a written notice at least twelve (12) Business Days prior to the applicable Remarketing Date expressly electing not to tender their Remarketed Notes for purchase.

Remarketed Notes subject to mandatory tender and purchase which are not delivered to the Tender Agent upon the Remarketing Date upon which such Remarketed Notes were to have been tendered for purchase shall be deemed to have been purchased, if the purchase price therefor shall have been deposited in accordance with Section 5.06 of this Ordinance ("Undelivered Remarketed Notes"); and the parties to whom the Remarketing Agent shall have remarketed the Remarketed Notes (as described in Section 5.08 hereof) shall be the Owners of such Undelivered Remarketed Notes for all purposes under this Ordinance, including without limitation the right to remarket and transfer such Undelivered Remarketed Notes, whereupon interest accruing from and after such Remarketing Date on such Remarketed Notes shall no longer be payable to the former Owners thereof but shall be paid to the registered Owners of such Remarketed Notes during the ensuing Remarketing Period.

Section 5.08. Delivery of Remarketed or Purchased Remarketed Notes.

(a) Remarketed Notes sold by the Remarketing Agent shall be delivered to the respective purchasers thereof identified by the Remarketing Agent against payment therefor by the Remarketing Agent in immediately available funds on the date of such purchase in an amount equal to the purchase price therefor; the proceeds of all such payments shall be applied to the purchase of Remarketed Notes required to be tendered on such Remarketing Date as provided in Section 5.07 hereof.

(b) Upon receipt of funds representing the proceeds of the remarketing of Undelivered Remarketed Notes as provided in Section 5.07 hereof, new Remarketed Notes in place of such Undelivered Remarketed Notes so purchased shall be delivered to the purchasers thereof.

Section 5.09. No Remarketing After Default. Anything in this Resolution to the contrary notwithstanding, there shall be no remarketing of Remarketed Notes pursuant to this Article V if

there shall have occurred and be continuing an Event of Default described in Section 7.01 hereof.

Section 5.10. Purchase by the Developer. Beginning on the tenth Business Day before each Remarketing Date, the Remarketing Agent shall offer for sale and use its best efforts to sell the Note or the Remarketed Notes, as applicable, any such sale to be made on the Remarketing Date. If the Remarketing Agent is not able to remarket the Note or the Remarketed Notes, as applicable, successfully, the Developer may, but is not required to, purchase the Note or the Remarketed Notes, and the Remarketing Agent shall continue to use its best efforts to remarket the Note or the Remarketed Notes after the Developer's purchase thereof.

Section 5.11. Provision of Additional Security. The Developer is authorized under the Loan Agreement to provide Additional Security before any Remarketing Date and such Additional Security shall be accepted by the Owners if the Owners are provided with the following on or before such Remarketing Date: (a) an opinion of counsel to the provider of such Additional Security, addressed to the Issuer and the Owner, stating that such Additional Security constitutes a legal, valid and binding obligation of such provider and is enforceable in accordance with its terms (except to the extent that the enforceability thereof may be limited by bankruptcy, insolvency, reorganization, moratorium and other laws for the relief of debtors and by general principles of equity which permit the exercise of judicial discretion), (b) an opinion of counsel acceptable to the Issuer and the Owner addressed to the Issuer and the Owner stating that the provision of such Additional Security will not subject the Note or such Additional Security to the registration requirements of the Securities Act of 1933, as amended, or the Securities Exchange Act of 1934, as amended, or the Ordinance to qualification under the Trust Indenture Act of 1939, as amended, (c) an amount sufficient to pay all costs incurred by the Issuer and the Owner in connection with the provision of such Additional Security, and (d) an opinion of Bond Counsel addressed to the Issuer and the Owner that such Additional Security shall not adversely affect the exemption from federal income taxation of the interest on the Note.

Section 5.12. Redemption.

(a) The Remarketed Notes shall be subject to extraordinary mandatory redemption prior to maturity at a redemption price equal to the principal amount of the Remarketed Notes so called for redemption, plus accrued interest but without premium, as follows:

(i) in whole or in part on the first Interest Payment Date for which adequate notice can be given to the extent that the Developer prepays the Developer Note on a mandatory basis upon the occurrence of an event of casualty or condemnation in connection with the Project; or

(ii) in whole on any Remarketing Date after the Initial Remarketing Date, in the event that any of the items set forth in Section 5.06 hereof have not been delivered at the times specified in Section 5.06 hereof.

(b) The Remarketed Notes shall be subject to optional redemption on any Interest Payment Date on or after December 1, 2002, at the redemption prices set forth below, plus accrued interest to the redemption date, in the event and to the extent that Developer prepays the Project Loan on an optional basis pursuant to Section 5.4 of the Loan Agreement:

<u>Redemption Dates</u>	<u>Redemption Prices</u>
Interest Payment Dates in 2002	103 %
Interest Payment Dates in 2003	102-1/2
Interest Payment Dates in 2004	102
Interest Payment Dates in 2005	101-1/2
Interest Payment Dates in 2006	101
Interest Payment Dates in 2007	100-1/2
Interest Payment Dates in 2008 and thereafter	100

Section 5.13. Provisions To Apply Only Subsequent to Initial Remarketing Date. The provisions of Sections 5.04, 5.05, 5.06, 5.07, 5.08, 5.11 and 5.12 hereof shall have no force and effect until a remarketing of the Note on the Initial Remarketing Date, and from and after the Initial Remarketing Date, the provisions of Sections 2.03 and 3.01 shall be of no force and effect; however, the remaining provisions of this document shall apply to the Remarketed Notes, and the term "Note" shall be deemed to refer to the Remarketed Notes.

ARTICLE VI

PROJECT LOAN FUND, REPLACEMENT RESERVE FUND AND CASH FLOW GUARANTEE RESERVE FUND

Section 6.01. Creation of Project Loan Fund. There shall be created by the Issuer and ordered established with the Escrow Agent a trust fund referred to herein as the "Project Loan Fund," which shall be designated "The City of Bloomington,

Indiana Multifamily Mortgage Revenue Note (Woodbridge Apartments of Bloomington III Project) Series 1985 Project Loan Fund."

Section 6.02. Deposit Into Project Loan Fund. The proceeds from the sale of the Note shall be deposited to the Project Loan Fund held by the Escrow Agent in accordance with written direction from an authorized officer of the Issuer concurrently with the delivery of the Note. The funds thus received by the Escrow Agent shall be disbursed, paid and transferred by the Escrow Agent, as described in Section 6.03 hereof.

Section 6.03. Disbursements From Project Loan Fund.

(a) If Base Interest is a Project Cost pursuant to subparagraph (k) of the definition of Project Costs in Article I hereof, prior to the Final Advance Date, the Escrow Agent shall automatically transfer sufficient moneys in the Project Loan Fund to pay Base Interest due on the Note to the account of the Owner held by the Escrow Agent on each Interest Payment Date.

(b) The Escrow Agent shall disburse the Project Loan Fund to the Developer in accordance with the Loan Agreement to the extent of, and for the purpose of reimbursing the Developer for, all Project Costs incurred, but only upon receipt by the Escrow Agent of a written certification from the Developer which (1) itemizes the Project Costs for which such disbursement is requested and (2) certifies that at least 90% of the Project Costs for which such disbursement is requested (other than the reasonable costs incurred in connection with the original issuance of the Note) consist of costs (A) (i) of acquisition, construction, reconstruction or improvement of land or property of a character subject to the allowance for depreciation under Section 167 of the Code, or (ii) of payment of amounts which are, for federal income tax purposes, chargeable to the Project's capital account or would be so chargeable either with a proper election by the Developer (for example, under Section 266 of the Code) or but for a proper election by Developer to deduct such amounts, and (B) of "residential rental property" within the meaning of Section 103(b)(4)(A) of the Code. In making this certification, Developer may rely upon the opinion of its independent certified public accountants.

(c) The Developer may, at its option, pay from its own funds the amounts otherwise payable from the Project Loan Fund as provided in Section 6.03(a) and (b) hereof. In such event, the Developer shall have the right at any time, to the extent funds are available, on or prior to the Final Advance Date, to draw from the Project Loan Fund all amount paid pursuant to the preceding sentence.

Article VII, be the sole real party in interest. The Owner shall have standing to enforce each and every right granted to the Issuer with respect to any part or all of such moneys, rights and properties. In exercising such rights and the rights given the Owner under this Article VII, the Owner shall take such action as in the judgment of the Owner would best serve its interests, taking into account the provisions of the Loan Agreement and the Mortgage, together with the security and remedies afforded under the Loan Agreement and the Mortgage.

Section 7.03. Enforceability by Owner. Any suit, action or proceeding instituted by the Owner shall be brought in its name, or, if necessary, in the name of the Issuer.

Section 7.04. Delays; Omissions. No delay or omission by the Owner of the Note to exercise any right or power accruing upon any default shall impair any such right or power or shall be construed to be a waiver of any such default, or an acquiescence therein; and every power and remedy given by this Article to the Owner of the Note may be exercised from time to time and as often as may be deemed expedient.

Section 7.05. Application of Moneys.

(a) All moneys received by the Owner pursuant to any action taken under the provisions of this Article VII, after payment of the costs and expenses of the proceedings resulting in the collection of such moneys, shall be applied as follows:

(1) Unless the principal of all the Note shall have become or shall have been declared due and payable:

First: To the payment to the persons entitled thereto of all installments of interest then due on the Note, in the direct order of the maturity of the installments of such interest and, if the amounts available shall not be sufficient to pay in full any particular installment, then to the payment ratably, according to the amounts due on such installment, to the persons entitled thereto, without any discrimination or privilege; and

Second: To the payment to the persons entitled thereto of the unpaid principal of and premium, if any, on the Note or any Remarketed Notes, which shall have become due (and subsequent to the Initial Remarketing Date, other than moneys for the payment of which are held for the benefit of the Owners of any Remarketed Notes),

age prepaid by United States mail, whether or not actually received;

(ii) The occurrence of an "Event of Default" as defined in the Loan Agreement which continues beyond the applicable cure period provided therein, if any; and

(iii) The occurrence of an event of default under any document entered into between the Developer and the provider of Additional Security, which is communicated to the Owner at its Principal Office in writing by the provider of Additional Security, accompanied by a request by such provider to declare the principal of the Note to be immediately due and payable.

(b)(i) Upon the occurrence and continuance of an Event of Default set forth above, the Owner may declare the principal of the Note to be immediately due and payable; provided, however, the Owner may enter into a work-out agreement with the Developer regarding such Events of Default. Upon any such declaration, the principal of the Note shall become due and payable immediately, and the Owner shall make claim for payment under Additional Security, if any, and shall give notice of acceleration of the Note to the Developer and the Issuer. Upon the declaration of the principal of the Note to be due and payable, all interest on the Note shall also become due and payable.

(ii) At any time after such declaration of acceleration has been made, but before the Owner has exercised any other remedy specified in the Loan Agreement or the Mortgage, the Owner, by written notice to the Issuer and the Developer, may rescind and annul such declaration and its consequences and the parties shall be restored to the same position as before the occurrence of such Event of Default.

(c) Any amount representing principal of, premium, if any, or interest on the Note which is paid after the date on which it is due shall bear interest at the rate per annum equal to the lesser of 16% or the highest amount permitted by law, and such interest shall be paid to the Owner on the earliest possible date.

Section 7.02. Enforcement of Rights. The Owner, as pledgee and assignee hereunder of all of the right, title and interest of the Issuer in and to the moneys, rights and properties pledged for the payment of the Note (except those rights under Sections 3.4(b), 6.7 and 7.4 of the Loan Agreement reserved to the Issuer), shall, upon compliance with applicable requirements of law and except as otherwise set forth in this

(c) The Escrow Agent (with the approval of the Developer and the Owner) may make any and all such Permitted Investments through its own bond department or the bond department of any bank or trust company under common control with the Escrow Agent. All such Permitted Investments shall at all times be a part of the Project Loan Fund or the Replacement Reserve Fund, and all income and profits on such Permitted Investments shall be credited to, and losses thereon shall be charged against, the Project Loan Fund or the Replacement Reserve Fund. Such permitted Investments shall be made so as to mature or be subject to redemption at the option of the holder thereof on or prior to the date or dates that the Developer, with the consent of the Owner, anticipates that moneys therefrom will be required. Such Permitted Investments shall be registered in the name of the Escrow Agent.

(d) Subsequent to the earlier of the Final Advance Date or the date three years from the date of the initial issuance and delivery of the Note, funds in the Project Loan Fund shall only be invested as directed by an opinion of Bond Counsel.

Section 6.10. Covenants Respecting Arbitrage. The Issuer covenants and certifies to and for the benefit of the Owner that so long as the Note remains outstanding, moneys on deposit in the Project Loan Fund, whether or not such moneys were derived from the proceeds of the sale of the Note or from any other source, will not be used in a manner which will cause the Note to be classified as an "arbitrage bond" within the meaning of Section 103(c)(2) of the Code. Pursuant to such covenant, the Issuer obligates itself to comply throughout the term of the Note with the requirements of Section 103(c) of the Code, and any regulations promulgated thereunder.

ARTICLE VII EVENTS OF DEFAULT AND REMEDIES

Section 7.01. Events of Default; Acceleration.

(a) Each of the following events shall constitute and be referred to in this Ordinance as an Event of Default:

(i) Failure to make any payment of the principal of and premium, if any, and interest on any Note within two days after any of them shall become due and payable, whether at maturity, by mandatory redemption, acceleration or otherwise, in accordance with the terms of this Ordinance, and such failure shall continue for five days after written notice from the Owner to the Developer; written notice shall be deemed to be given hereunder at the time it is mailed post-

(i) Governmental Obligations which shall mean any of the following which are noncallable and which at the time of investment are legal investments for the moneys proposed to be invested therein:

(A) direct general obligations of, or obligations the payment of principal of and interest on which are unconditionally guaranteed by, the United States of America;

(B) bonds, debentures or notes issued by Government National Mortgage Association, Federal Financing Bank, Federal Land Banks, Federal Home Loan Banks, Farmers Home Administration, Federal Home Loan Mortgage Association or any other comparable federal agency hereafter created; or

(C) Public Housing Bonds, Temporary Notes or Preliminary Loan Notes fully secured by contracts with the United States of America;

(ii) certificates of deposit or time deposits with any bank or savings institution, including the Escrow Agent, which is insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation, provided that such certificates of deposit or time deposits, to the extent they exceed the amounts covered by such insurance, are fully secured by Governmental Obligations;

(iii) certificates of deposit or time deposits with any banking institution, whether foreign or domestic, including the Escrow Agent, having a capital and surplus in excess of \$50,000,000;

(iv) prime commercial paper approved by the Escrow Agent and bearing a rating by a nationally recognized rating agency of "A-1," "P-1," "F-1" or any similar rating or better;

(v) repurchase agreements issued by commercial banks, including the Escrow Agent, fully secured by Governmental Obligations;

(vi) mutual funds which invest solely in any of the Permitted Investments set forth in (i) through (v) above; or

(vii) investments the interest on which is tax-exempt which consist of items (i) through (vi) above.

Section 6.07. Creation of Replacement Reserve Fund.

(a) Pursuant to the Escrow Agreement, there shall be created by the Issuer and ordered established with the Escrow Agent a trust fund referred to herein as the "Replacement Reserve Fund," which shall be designated "The City of Bloomington, Indiana Multifamily Mortgage Revenue Note (Woodbridge Apartments of Bloomington III Project) Series 1985 Replacement Reserve Fund."

(b) There shall be deposited into the Replacement Reserve Fund all amounts received by the Escrow Agent from the Developer from Net Cash Flow and designated for deposit into such fund.

(c) The Escrow Agent shall disburse moneys from the Replacement Reserve Fund to the Developer to make repairs on, or replacements of parts of, the Project. Such disbursements shall be made in accordance with the written instructions of the Owner.

Section 6.08. Repayment to Developer From Project Loan Fund or Replacement Reserve Fund. Any amounts remaining in the Project Loan Fund or the Replacement Reserve Fund after payment in full of the principal of and premium, if any, and interest on the Note, the fees, charges and expenses of the Escrow Agent (as approved in writing in advance by the Developer), the fee of the Administrator as set forth in the Loan Agreement and the expenses of the Issuer (as approved in writing in advance by the Developer) and all other amounts required to be paid hereunder shall be paid immediately to the Developer.

Section 6.09. Moneys Held in Trust as Security; Investment of Moneys.

(a) All moneys from time to time received by the Escrow Agent and held in the Project Loan Fund or the Replacement Reserve Fund shall be held in trust as security for the benefit of the Owner and shall be invested as provided in this Section.

(b) Any such investments shall be held by or under the control of the Escrow Agent. The Escrow Agent shall sell and reduce to cash a sufficient amount of such investments whenever the cash balance in the Project Loan Fund or the Replacement Reserve Fund is insufficient to pay a requisition when presented. Any moneys held as a part of the Project Loan Fund or the Replacement Reserve Fund shall be invested or reinvested by the Escrow Agent, to the extent permitted by law, at the request of and as directed in writing by the Authorized Representative and approved in writing by the Owner, which approval shall not be unreasonably withheld, in any of the following qualified investments (referred to herein as "Permitted Investments"):

Section 6.04. Escrow Agent To Rely on Representations.

(a) The Escrow Agent may rely fully on the representations contained in any written certificate of the Developer delivered pursuant to and shall not be required to make any investigation or inspection of the Project in connection therewith.

(b) The Escrow Agent shall keep and maintain adequate records pertaining to the Project Loan Fund and all disbursements therefrom. The Escrow Agent shall retain in its possession the certifications of the Developer pursuant to Section 6.03 hereof and all records of interest paid on the Note from moneys in the Project Loan Fund, subject to the inspection of the Developer and the Owner and their representatives at all reasonable times.

Section 6.05. Completion of Project.

(a) Within 10 days before the Final Advance Date, the Escrow Agent shall be furnished with a certificate (the "Completion Certificate") executed by an Authorized Representative, and approved in writing by the Servicer, stating that the Project has been completed and the requirements of the Project Loan Documents have been satisfied, stating the date the Project was completed.

(b) Moneys (including investment proceeds) on deposit in the Project Loan Fund after payment of the final advance on the Final Advance Date shall be used to redeem a portion of the Note before maturity pursuant to Section 3.01(a) and (b) hereof.

Section 6.06. Condemnation Awards and Insurance Proceeds.

(a) The proceeds of any Condemnation Award or Insurance Proceeds shall be deposited into the Project Loan Fund, and notice of such deposit thereof shall be given by the Developer and the Escrow Agent to the Servicer.

(b) To the extent there has been a determination pursuant to Section 4.6 of the Loan Agreement to rebuild the Project, such Condemnation Award or Insurance Proceeds shall be expended in accordance with the requirements of Section 6.03, 6.04 and 6.05 hereof, with any amounts remaining to be expended as provided in Section 6.05.

(c) In the event there is a determination not to rebuild the Project, such Condemnation Award or Insurance Proceeds shall be expended in accordance with Section 6.05(b) hereof.

with interest on such principal from the respective dates upon which such interest became due and, if the amount available shall not be sufficient to pay in full the amount of principal, premium, if any, and the interest due on any particular date, then to the payment ratably, according to the amount of principal due on such date, to the persons entitled thereto, without any discrimination or privilege.

(2) If the principal of the Note shall have become or shall have been declared due and payable, to the payment of the principal of and premium, if any, and interest then due and unpaid upon the Note, without preference or priority of principal and premium, if any, over interest or of interest over principal and premium, if any, or of any installment of interest over any other installment of interest, or of any Remarketed Note over any other Remarketed Note, ratably, according to the amounts due respectively for principal, premium, if any, and interest, to the persons entitled thereto without any discrimination or privilege.

(b) Whenever moneys are to be applied pursuant to the provisions of this Section 7.05, such moneys shall be applied at such time, and from time to time, as the Owner shall have determined, having due regard to the amount of such moneys available for application and the likelihood of additional moneys becoming available for such application in the future. Whenever the Owner shall apply such funds, it shall fix the date upon which such application is to be made and upon such date interest on the amount of principal to be paid on such date shall cease to accrue.

ARTICLE VIII

REMARKETING AGENT AND INDEXING AGENT

Section 8.01. Remarketing Agent.

(a) Prior to the Initial Remarketing Date, the Issuer, with the consent of the Developer, may appoint the Remarketing Agent for the Note. The Remarketing Agent shall designate its Principal Office to the Owner and the Developer and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Owner and the Developer under which the following obligations shall be imposed on the Remarketing Agent:

(1) to hold any Note delivered to it hereunder in trust for the benefit of the respective Owner which shall have so delivered such Note to be purchased until moneys representing the purchase price of such Note shall have been delivered to or for the account of or to the order of such Owner;

(2) to hold all moneys delivered to it hereunder and required to be applied for the purchase of Note in trust for the benefit of the person or entity which shall have so delivered such moneys until the Note to be purchased with such moneys shall have been delivered to or for the account of such person or entity and be purchased;

(3) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Owner, the Developer and the provider of Additional Security, if any, at all reasonable times; and

(4) to perform all other obligations imposed on the Remarketing Agent under this Ordinance.

(b) The Remarketing Agent shall be a member of the National Association of Securities Dealers, Inc., having a capitalization of at least \$15,000,000, being authorized by law to perform all the duties imposed upon it by this Ordinance and being rated "investment grade" or better by Moody's or S&P. After the Initial Remarketing Date, the Remarketing Agent may at any time resign and be discharged of the duties and obligations created by this Ordinance by giving at least 60 days notice to the Issuer, the Owner and the Developer, at which time a successor Remarketing Agent, if available, will be appointed by the Issuer, with the consent of the Developer. The Remarketing Agent may be removed at any time by an instrument signed by the Issuer, with the consent of the Developer, and filed with the Remarketing Agent and the Owner, but such removal will not take effect before the appointment of a successor Remarketing Agent.

Section 8.02. Several Capacities. Anything in this Ordinance to the contrary notwithstanding, the same entity may serve hereunder as the Remarketing Agent and the Indexing Agent and in any combination of such capacities, to the extent permitted by law.

Section 8.03. Indexing Agent Not To Deal in Notes. The Indexing Agent, in its individual capacity, shall not buy, sell, own, hold or deal in any of the Notes issued hereunder and shall not engage in or be interested in any financial or other trans-

action with the Issuer or the Developer, except that it may enter into other relationships in a capacity similar to that of the Indexing Agent hereunder whether or not the Issuer or the Developer is also involved, directly or indirectly, in such relationship.

Section 8.04. Indexing Agent. The Issuer shall, with the consent of the Developer, appoint the Indexing Agent for the Notes, meeting the qualifications set forth in Section 8.05 hereof. The Indexing Agent shall designate to the Developer and the Issuer its principal office and signify its acceptance of the duties and obligations imposed upon it hereunder by a written instrument of acceptance delivered to the Issuer, the Developer and the Remarketing Agent under which the Indexing Agent will agree, particularly:

(a) to compute the Interest Index for each Remarketing Period pursuant to and in accordance with Section 5.04 hereof and to give notice to the Remarketing Agent and the Developer of the Interest Index on the date of the computation thereof; and

(b) to keep such books and records as shall be consistent with prudent industry practice and to make such books and records available for inspection by the Issuer, the Developer, the Owners and the provider of Additional Security, if any, at all reasonable times.

Section 8.05. Qualifications of the Indexing Agent. The Indexing Agent shall either be a member of the National Association of Securities Dealers, Inc. which regularly compiles and publishes interest indexes for tax-exempt notes and bonds utilizing Component Issues, or a nationally recognized municipal securities evaluation service, in either case authorized by law to perform all the duties imposed upon it by this Ordinance.

Section 8.06. Resignation of Indexing Agent. The Indexing Agent may at any time resign and be discharged of the duties and obligations created by this Ordinance by giving at least sixty (60) days' notice to the Issuer, the Developer and the Remarketing Agent. The Indexing Agent may be removed and a new Indexing Agent, meeting the qualifications of Section 8.04 hereof, appointed by the Issuer at any time, at the request or with the approval of the Developer, by an instrument, filed with the Indexing Agent, the Remarketing Agent and the Issuer. In the event that the Issuer shall fail to appoint an Indexing Agent hereunder, or in the event that the Indexing Agent shall resign or be removed, or be dissolved, or if the property or affairs of the Indexing Agent shall be taken under the control of any state or federal court or administrative body because of bankruptcy or insolvency, or for any other reason, and the

Issuer shall not have appointed its successor as the Indexing Agent, the Remarketing Agent shall ipso facto be deemed to be the Indexing Agent for all purposes of this Ordinance until the appointment by the Issuer of the Indexing Agent or the successor Indexing Agent, as the case may be.

ARTICLE IX

INSTRUMENTS EXECUTED BY ANY OWNER

Section 9.01. Proof of Ownership. Any request, direction, consent or other instrument in writing required or permitted by this Ordinance to be signed or executed by the Owner may be in any number of concurrent instruments of similar tenor and may be signed or executed by such Owner in person or by agent appointed by an instrument in writing. Proof of the execution of any such instrument and of the ownership of the Note shall be sufficient for any purpose of this Ordinance and shall be conclusive in favor of the Owner with regard to any action taken by it under such instrument if made in the following manner:

(a) The fact and date of the execution by any person of any such instrument may be proved by the certificate of any officer in any jurisdiction who, by the laws thereof, has power to take acknowledgments within such jurisdiction, to the effect that the person signing such instrument acknowledged before him the execution thereof, or by an affidavit of a witness to such execution.

(b) The ownership of any Note shall be proved by the registration books of the Issuer kept by the Developer, as registrar for the Issuer on the Note.

Section 9.02. Future Owners. Any request or consent of the Owner of the Note shall bind every future Owner of the Note.

ARTICLE X

AUTHORIZATION TO EXECUTE ISSUER DOCUMENTS AND SELL NOTE

Section 10.01. Approval and Authorization of the Issuer Documents. The Issuer Documents, in substantially the forms and contents presented to the Issuer on this date (with such variations and modifications as are necessary or appropriate and permitted under the Act), are hereby approved, authorized and confirmed in all respects and the Mayor and the Clerk are each hereby authorized and directed to execute and deliver, and attest to the execution and delivery of, the Issuer Documents, in substantially the forms and contents as presented to the Issuer.

on this date (with such variations and modifications as are necessary or appropriate and permitted under the Act).

Section 10.02. Authority to Determine Principal Amount of Note. The Mayor and the Clerk are each hereby authorized to execute and deliver, and to attest to the execution and delivery of, the Note in a principal amount not to exceed \$12,600,000 (but which may be less than \$12,600,000) in such amount as they, or either of them shall approve with the consent of the Owner. In the event the Note shall be issued and delivered with a principal amount not equal to \$12,600,000, all references in this Ordinance, and the documents, agreements, and instruments referred to herein, to (i) the Note, (ii) the principal amount of the Note, or (iii) \$12,600,000 (including, without limitation the calculation of fees, payments or other amounts based on \$12,600,000 or the principal amount of the Note) shall be deemed to refer to the exact principal amount of the Note as finally determined pursuant to this Section 10.02.

Section 10.03. Authorization of Sale of Note. The sale of the Note to the Owner, at a purchase price of 100% of the principal amount thereof, is hereby approved, authorized and confirmed.

Section 10.04. Authority To Correct Errors, Etc. The Mayor and Clerk are each hereby authorized and directed to make any alterations, changes or additions in the Issuer Documents herein approved, authorized and confirmed necessary to correct errors or omissions therein, or to conform the same to the other provisions of said instruments or to the provisions of this Ordinance.

Section 10.05. Further Authority. The Mayor and Clerk are each hereby authorized to execute and deliver for and on behalf of the Issuer any and all additional certificates, documents or other papers and to perform all other acts as they may deem necessary or appropriate in order to implement and carry out the matters herein authorized.

Section 10.06. Copies of Issuer Documents Available for Inspection. True and correct copies of all Issuer Documents presented to the Issuer and identified and referred to in this Ordinance are on file in the office of the Clerk of Issuer and are available for inspection by the general public during regular business hours.

ARTICLE XI

MODIFICATION AND AMENDMENT OF THIS ORDINANCE AND THE ISSUER DOCUMENTS

This Ordinance and the Issuer Documents may be modified or amended in any respect only with the approval of the Issuer, the Developer and the Owner. Documents which are Project Loan Documents, but which are not Issuer Documents, may be modified or amended only with the consent of the Developer or the Owner.

ARTICLE XII

MISCELLANEOUS

Section 12.01. Successors of the Issuer. In the event of the dissolution of the Issuer, all the covenants, stipulations, promises and agreements contained in this Ordinance by or on behalf of, or for the benefit of, the Issuer, shall bind or inure to the benefit of the successors of the Issuer from time to time and any entity, governing body, board, commission, agency or instrumentality to whom or to which any power or duty of the Issuer shall be transferred. If no successor shall exist, then all rights and duties of the Issuer may be exercised and such duties fulfilled by the Owner, but the Owner shall be under no obligation to exercise and fulfill such rights and duties.

Section 12.02. Purpose; Exclusive Benefit. Except as herein otherwise specifically provided, nothing in this Ordinance expressed or implied is intended or shall be construed to confer upon any person, firm or corporation, other than the Issuer, the Owner and the Developer, any right, remedy or claim under or by reason of this Ordinance. This Ordinance is intended to be for the sole and exclusive benefit of such parties.

Section 12.03. Severability. In case any one or more of the provisions of this Ordinance or of the Note for any reason is held to be illegal or invalid, such illegality or invalidity shall not affect any other provisions of this Ordinance or the Note, and this Ordinance and the Note shall be construed and enforced to the end that the transactions contemplated hereby be effected and the obligations contemplated hereby be enforced as if such illegal or invalid provisions had not been contained herein and therein.

Section 12.04. No Personal Liability or Accountability. No covenant or agreement contained in the Note or in this Ordinance shall be deemed to be the covenant or agreement of any agent or employee of the Issuer, in his or her individual capac-

ity, and neither the governing body of the Issuer nor any official of the Issuer nor any official executing the Note shall be liable personally on the Note or be subject to any personal liability or accountability by reason of the issuance thereof.

Section 12.05. Governing Law. The substantive laws of the State shall govern this Ordinance and the Note issued hereunder.

Section 12.06. This Ordinance shall be in full force and effect from and after its passage by the Common Council and approval by the Mayor.

PASSED and ADOPTED by the Common Council of the City of Bloomington, Monroe County, Indiana, upon this 4 day of December, 1985.

Patricia A. Cross
President/Presiding Officer

ATTEST:

Susan Fernandes
Dep. Clerk

PRESENTED by me to the Mayor of the City of Bloomington, Monroe County, Indiana, upon this 5 day of December, 1985.

Susan Fernandes
Dep. Clerk

SIGNED and APPROVED by me upon this 5 day of December, 1985.

Jornilea Allison
Mayor

ATTEST:

Susan Fernandes
Dep. Clerk
EDE-298

EXHIBIT A

[FORM OF NOTE]
(BEFORE THE INITIAL REMARKETING DATE)

The text of the Note, and the Certificate Regarding Reduction of Principal and the Assignment of the Note to be printed thereon shall be, respectively, in substantially the following form (subject to Section 10.02 of the Ordinance):

REGISTERED
NUMBER
R-1

\$12,600,000

THE CITY OF BLOOMINGTON, INDIANA
MULTIFAMILY MORTGAGE REVENUE NOTE
(WOODBIDGE APARTMENTS OF
BLOOMINGTON III PROJECT) SERIES 1985

The City of Bloomington, Indiana (the "Issuer"), a municipal corporation and political subdivision of the State of Indiana (the "State"), for value received, hereby promises to pay, solely from the sources and in the manner hereinafter provided, to the order of America First Tax Exempt Mortgage Fund Limited Partnership (the "Owner"), or registered assigns, on December 1, 2015 (or earlier as herein provided) the principal amount of

TWELVE MILLION SIX HUNDRED THOUSAND DOLLARS (\$12,600,000)

(or such other amount as is set forth on the attached Certificate Regarding Reduction of Principal) and to pay interest on such principal amount from the date hereof to the maturity or earlier redemption of this Note at the rate of interest per annum or in the amounts and at the times established as described below.

The principal of and premium, if any, on this Note shall be payable in lawful money of the United States of America, without exchange or collection charges, upon presentation and surrender of this Note on the maturity date (or earlier as herein provided) at the principal office of the Owner. Interest on this Note is payable by wire transfer or other means acceptable to the Owner to the bank account number on file with the Developer (as herein defined) as of such record date.

This Note has been issued under and pursuant to the provisions of the §§ 36-7-12-1 et seq. of the Indiana Code.

Annotated, as amended (the "Act") and an Ordinance adopted by the Issuer on , 1985 (the "Ordinance").

This Note has been duly authorized for issuance by the Issuer under and pursuant to the Act, and has been designated by the Issuer as its "Multifamily Mortgage Revenue Note (Woodbridge Apartments of Bloomington III Project) Series 1985" (the "Note"). This Note is the only Note of a single series and executed and delivered by the Issuer pursuant to the Ordinance. This Note is issued for the purpose of providing funds to make a mortgage loan (the "Project Loan") to Woodbridge Apartments of Bloomington III, an Indiana limited partnership (the "Developer"), pursuant to the Loan Agreement dated as of December 1, 1985 (the "Loan Agreement"), by and between the Issuer and the Developer, in order to finance a multifamily residential rental development (the "Project") located within the State, to be occupied partially (at least 20%) (15% in targeted areas) by "individuals of low or moderate income" within the meaning of Section 103(b)(4)(A) of the Internal Revenue Code of 1954, as amended (the "Code"), and to pay certain costs incurred in connection with the issuance of this Note. Pursuant to the terms of the Regulatory Agreement dated as of December 1, 1985 between the Issuer and the Developer, to be recorded in the appropriate real estate office, certain restrictions will apply to the acquisition, construction and operation of the Project in order to assure compliance with the Code. The Project Loan will be evidenced by a mortgage note (the "Developer Note") dated as of December 1, 1985 from the Developer to the Issuer. Pursuant to the terms of an Escrow Agreement dated as of December 1, 1985 between the Issuer and Omaha National Bank, as escrow agent (the "Escrow Agent"), proceeds from the sale of this Note will be deposited with the Escrow Agent to be disbursed to the Developer in the manner described therein.

This Note is a limited obligation of the Issuer, secured by and payable solely from a lien on and pledge of certain revenues to be derived from the pledge and assignment by the Issuer to the Owner, of Project Loan payments made by the Developer to the Issuer pursuant to the Loan Agreement and the Developer Note and of certain other funds described in the Ordinance including, without limitation, the funds held by the Escrow Agent in the Escrow Agreement. This Note will be additionally secured (A) by a certain Deed of Trust and Security Agreement dated as of December 1, 1985 from the Developer to the Issuer (the "Mortgage"), granting a security title to, and a security interest in, the land, buildings and equipment comprising the Project, (B) by the Construction Completion Guarantee dated as of December 1, 1985, pursuant to which the Construction Guarantor (as defined in the Ordinance) guarantees to the Owner that the construction of the Project will be completed, (C) by the Construction Completion Guarantee dated as of December 1,

1985, pursuant to which Guarantor (as defined in the Ordinance) guarantees to the Owner that the construction of the Project will be completed, and (D) by the Operating Deficits Guarantee dated as of December 1, 1985 pursuant to which the Guarantor and the Construction Guarantor make certain guarantees to the Owner with regard to certain operating deficits of the Project. Reference is hereby made to the Ordinance, the Loan Agreement, the Developer Note and the Mortgage, copies of which are on file with the Owner, for the provisions, among others, with respect to the nature and extent of the rights, duties and obligations of the Issuer, the Owner and the Developer; the terms upon which this Note is issued and secured; the collection and disposition of revenues; a description of the properties and interests pledged; the modification or amendment of the Ordinance, the Loan Agreement and the Mortgage; and other matters, to all of which the Owner of this Note assents by the acceptance of this Note.

Certain Definitions

The following terms have the following meanings when used in this Note.

"Base Interest" means the interest due on this Note determined in accordance with paragraph (b) under the caption "Interest Rate Provisions" herein.

"Business Day" means a day of the year on which banks located in the city in which the Principal Office of the Owner is located and banks located in the city in which the Principal Office of the Remarketing Agent (as defined in the Indenture) is located are not required or authorized by law to remain closed and on which The New York Stock Exchange is not closed.

"Cash Flow" means the net profits and losses of the Developer as determined for federal income tax purposes by the independent certified public accountants employed by the Developer (excluding any profits or losses resulting from the sale or refinancing of the Project), plus (i) the property management fee and depreciation and other noncash charges deducted in determining such net profits and losses, minus (ii) capital expenditures when made from other than reserve accounts and any other cash expenditures which have not been deducted in determining the net profits and losses of the Developer for federal income tax purposes, and any amount required to maintain a reasonable working capital fund as agreed between the Developer and the Owner.

"Contingent Interest" means the Primary Contingent Interest and Supplemental Contingent Interest due on the Note

determined in accordance with paragraph (c)(1) and (2) under the caption "Interest Rate Provisions" herein.

"Contingent Interest Period" means each calendar year or portion thereof within any Interest Period.

"Deferred Interest" means the Primary Deferred Interest and the Supplemental Deferred Interest.

"Determination of Taxability" means the issuance of a written notice of deficiency by the Internal Revenue Service to the effect that interest on this Note is subject to federal income taxation and the enactment of legislation, issuance of a judicial decision, publication of an official statement by the Internal Revenue Service or the occurrence of any other act, event or circumstance which, in the opinion of Bond Counsel, presents a not insignificant risk that interest on this Note will, either currently or retroactively, be subject to federal income taxation.

"Final Advance Date" means the date of the final advance of moneys from the Project Loan Fund as described in the Ordinance.

"First Interest Period" means the period of time from the date of initial issuance and delivery of this Note to (but not including) December 1, 1988.

"Initial Remarketing Date" means the date established for the initial remarketing of this Note in accordance with Article V of the Ordinance.

"Institutional Investor" means the Developer, any accredited investor as defined in Regulation D of the Securities and Exchange Commission, an agency or instrumentality of the United States or of a state, or any person (other than a natural person), a principal part of whose business consists of buying securities.

"Interest Payment Date" means (i) prior to the Initial Remarketing Date, and with respect to the payment of Base Interest, the fifteenth day of each month (or if the fifteenth day is not a Business Day, then the first Business Day thereafter), commencing January 15, 1985; (ii) prior to the Initial Remarketing Date, and with respect to the payment of Contingent Interest, the first Business Day of each February, May, August and November, commencing February, 1987; (iii) the Initial Remarketing Date; and (iv) after the Initial Remarketing Date, each December 1 and June 1, as provided in the Ordinance.

"Interest Period" means the First Interest Period or the Second Interest Period.

"Maximum Construction Period Deferred Interest" means (i) for any Contingent Interest Period containing 360 days or more, 5% of the weighted average aggregate amount of this Note outstanding during that Contingent Interest Period, and (ii) for any Contingent Interest Period containing less than 360 days, 5% of the weighted average aggregate amount of this Note outstanding during that Contingent Interest Period multiplied by a fraction, the numerator of which is the number of days in that Contingent Interest Period (based on 12 months of 30 days in each month) and the denominator of which is 360.

"Maximum Primary Contingent Interest" means (i) for any Contingent Interest Period during the First Interest Period containing 360 days or more, 1.0% of the weighted average aggregate amount of this Note outstanding during that Contingent Interest Period; (ii) for any Contingent Interest Period during the First Interest Period containing less than 360 days, 1.0% of the weighted average aggregate amount of this Note outstanding during that Contingent Interest Period multiplied by a fraction, the numerator of which is the number of days in that Contingent Interest Period (based on 12 months of 30 days in each month) and the denominator of which is 360; (iii) for any Contingent Interest Period during the Second Interest Period containing 360 days or more, 2.5% of the weighted average aggregate amount of this Note outstanding during that Contingent Interest Period; and (iv) for any Contingent Interest Period during the Second Interest Period containing less than 360 days, 2.5% of the weighted average aggregate amount of this Note outstanding during that Contingent Interest Period multiplied by a fraction, the numerator of which is the number of days in that Contingent Interest Period (based on 12 months of 30 days in each month) and the denominator of which is 360.

"Net Cash Flow" means the Cash Flow remaining after the application of the Cash Flow to the following items:

First, the payment of the Base Interest due on this Note;

Second, the repayment, if any, of Working Capital Loans (as defined in the Ordinance), with interest thereon;

Third, the payment to the Administrator (as defined in the Ordinance) of the annual administrative fee of 0.45% per annum of the principal amount of this Note;

Fourth, the payment of a property management fee to the Manager (as defined in the Ordinance) of 5% of the gross rental revenues of the Project;

Fifth, a deposit in the Replacement Reserve Fund (as defined in the Ordinance) in an amount equal to 2% of the gross revenues of the Project; and

Sixth, the repayment of any Operating Deficit Loans (as defined in the Ordinance).

"Net Sale or Refinancing Proceeds" means the amount remaining from the Sale or Refinancing Proceeds after deduction of the following amounts:

First, the payment of the outstanding principal amount of this Note;

Second, the payment of any Base Interest due and unpaid;

Third, the payment of any administrative fee to the Administrator (as defined in the Ordinance) which is due and unpaid; and

Fourth, any and all other outstanding liabilities of the Developer with respect to the operation and management of the Project, which may include, without limitation, payments agreed to in writing by the Developer and Owner as follows:

(i) the repayment of any Working Capital Loans (as defined in the Ordinance) with interest thereon;

(ii) the payment of any property management fee to the Manager which is due and unpaid; and

(iii) the payment of any Operating Deficit Loans (as defined in the Ordinance).

"Note Payment Date" means any Interest Payment Date and any other date on which the principal of, premium, if any, and interest on this Note is to be paid to the Owner thereof, whether upon redemption, at maturity or upon acceleration of maturity of this Note.

"Primary Contingent Interest" means the interest due on this Note determined in accordance with paragraph (c)(1) under the caption "Interest Rate Provisions" herein.

"Primary Deferred Interest" means for any Contingent Interest Period, the amount, if any, by which the Maximum Primary Contingent Interest exceeds the amount of Primary Contingent Interest actually paid with respect to that Contingent Interest Period.

"Refinancing" means a refinancing of the Project, including a remarketing of this Note pursuant to Article V of the Ordinance.

"Sale" means a sale or other disposition of the Project, or the sale or other disposition of the Project or of an equity interest in the entity which owns the Project at any time which owns the Project or any sale or other disposition of the Project to a limited partnership but only if: (i) Eugene Glick and Marilyn Glick, if then living, are or will be general partners of the entity which owns the Project after such sale or other disposition; (ii) unless the Owner otherwise consents in writing, the value of the limited partnership interests (determined on a present value basis) in the entity which will own the Project following such sale or other disposition will not exceed 20% of the amount of the Project Loan then outstanding; and (iii) there exists no default with respect to the Project Loan.

"Sale or Refinancing Proceeds" means (A) in the event of a Sale, the net sales price of the Project (net of all costs of a Sale), or (B) in any other case, the fair market value of the Project as determined in accordance with paragraph (d)(6) under the caption "Interest Rate Provisions" herein.

"Second Interest Period" means the period of time commencing on December 1, 1988 to (but not including) the earlier of the Initial Remarketing Date or the date upon which this Note is paid in full (whether by redemption, acceleration or otherwise).

"Servicer" means FirstTier Mortgage Company, of Omaha, Nebraska.

"Supplemental Contingent Interest" means the interest due on this Note determined in accordance with paragraph (c)(2) under the caption "Interest Rate Provisions" herein.

"Supplemental Deferred Interest" means, for any Contingent Interest Period, the amount, if any, by which the Maximum Supplemental Contingent Interest exceeds the amount of

Supplemental Contingent Interest actually paid with respect to that Contingent Interest Period.

Interest Rate Provisions

(a) Until the earlier of the Initial Remarketing Date or the payment in full of this Note (whether by redemption, acceleration or otherwise), this Note shall bear interest at a rate to be determined as provided in this Note, but in no event shall this Note bear interest (including Base Interest and all Contingent Interest) at a rate which exceeds the lesser of 16% per annum or the maximum amount allowed by the laws of the State. On and after the Initial Remarketing Date, this Note shall bear interest at the Remarketing Rate as provided in Article V of the Ordinance. Interest on this Note shall be computed on the basis of a year of 365 days or 366 days, as applicable. Interest on this Note shall be comprised of several components set forth in this Note and outlined as follows:

(1) During the First Interest Period, this Note shall bear interest at:

(A) the Base Interest set forth in paragraph (b)(1) hereof;

(B) the Primary Contingent Interest (including the Primary Deferred Interest set forth in paragraph (c)(1) hereof;

(C) the Supplemental Contingent Interest set forth in paragraph (c)(2) hereof; and

(D) the Primary Deferred Interest and the Supplemental Deferred Interest set forth in paragraph (d)(1) hereof.

(2) During the Second Interest Period, this Note shall bear interest at:

(A) the Base Interest set forth in paragraph (b)(2) hereof;

(B) the Primary Contingent Interest (including the Primary Deferred Interest) set forth in paragraph (c)(1) hereof;

(C) the Supplemental Contingent Interest set forth in paragraph (c)(2) hereof; and

(D) the Primary Deferred Interest and the Supplemental Deferred Interest set forth in paragraph (d)(1) hereof.

(b) This Note shall bear interest calculated and payable as follows (which interest is referred to herein as "Base Interest"):

(1) During the First Interest Period, this Note shall bear Base Interest at a rate equal to 10% per annum payable on each Interest Payment Date.

(2) During the Second Interest Period, this Note shall bear Base Interest at a rate equal to 8.50% per annum payable on each Interest Payment Date.

(c) This Note shall bear contingent interest calculated and payable as follows (which interest is referred to as "Contingent Interest"):

(1) During each Contingent Interest Period within the First Interest Period, this Note shall bear Contingent Interest in an amount not to exceed the amount of interest produced by an annual rate of 1.0% on the outstanding principal amount of this Note, and during each Contingent Interest Period within the Second Interest Period, this Note shall bear Contingent Interest in an amount not to exceed the amount of interest produced by an annual rate of 2.5% on the outstanding principal amount of this Note (which amount is referred to as "Maximum Primary Contingent Interest" and is more fully defined in the definitions set forth above), all payable from 100% of the Net Cash Flow for that Contingent Interest Period. If the Net Cash Flow in any Contingent Interest Period is insufficient to enable the Issuer to pay the Maximum Primary Contingent Interest, then the Issuer shall pay the maximum amount possible from such Net Cash Flow (which amount so payable is referred to as the "Primary Contingent Interest" for that Contingent Interest Period). The difference between the Maximum Primary Contingent Interest and the Primary Contingent Interest (which dif-

ference is referred to as the "Primary Deferred Interest" and is more fully defined in the definitions set forth above) shall be deferred without interest and paid in arrears on the earliest possible Note Payment Date from 100% of the Net Cash Flow in later Contingent Interest Periods to the extent such Net Cash Flow is available and prior to the payment of any other Primary Contingent Interest under this paragraph or any Supplemental Contingent Interest payable under paragraph (2) below; and to the extent such Net Cash Flow is not available in later Contingent Interest Periods, the Primary Deferred Interest shall be payable to the extent Net Sale or Refinancing Proceeds are available as provided in paragraph (d)(1) hereof. The Primary Contingent Interest shall be paid in the amounts and in the manner as provided in paragraphs (3), (4) and (5) below.

(2) During each Contingent Interest Period within the First Interest Period or the Second Interest Period, this Note shall also bear Contingent Interest in an amount not to exceed the amount of interest produced by an annual rate of 5% on the outstanding principal amount of this Note (which maximum amount is referred to as the "Maximum Supplemental Contingent Interest" and is more fully defined in the definitions set forth above), payable out of 50% of the Net Cash Flow for that Contingent Interest Period remaining after deducting the Primary Contingent Interest payment. If 50% of the Net Cash Flow in any such Contingent Interest Period is insufficient to enable the Issuer to pay the Maximum Supplemental Contingent Interest, then the Issuer shall pay the maximum amount possible from 50% of such Net Cash Flow (which amount so payable is referred to as the "Supplemental Contingent Interest" for that Contingent Interest Period). The difference between the Maximum Supplemental Contingent Interest and the Supplemental Contingent Interest (which difference is referred to as "Supplemental Deferred Interest" and is more fully defined in the definitions set forth above) shall be deferred without interest and paid to the extent Net Sale or Refinancing Proceeds are available as provided in paragraph (d)(1) below. The Supplemental Contingent Interest payable out of Net Cash Flow shall be paid in the amounts and in the

manner provided in paragraphs (3), (4) and (5) below.

(3) No later than five Business Days before each Interest Payment Date, the Developer shall calculate the Net Cash Flow for the next preceding three-month period commencing on a January 1, April 1, July 1 or August 1 and shall provide to the Owner and the Servicer the analysis of such Net Cash Flow. The Owner or the Servicer may request further substantiation of the Developer's calculation of Net Cash Flow and may verify and correct as necessary the arithmetic calculations. If the Owner or the Servicer does reasonably modify such calculation, the Owner or the Servicer shall notify the Developer of such modified calculation no later than three Business Days before such Note Payment Date, and such modified calculation shall be the basis for the calculations set forth in paragraph (4) below.

(4) On each Interest Payment Date, the Issuer shall pay the Owner the following amounts:

(A) For any part of the First Interest Period which is within the period since the next preceding Interest Payment Date to such Interest Payment Date on which payment is to be made, an amount not to exceed the amount of interest produced by an annual rate of 1.0% on the outstanding principal amount of this Note, and for any part of the Second Interest Period which is within the period since the next preceding Interest Payment Date to such Interest Payment Date on which such payment is to be made, an amount not to exceed the amount of interest produced by an annual rate of 2.5% on the outstanding principal amount of this Note, all payable to the extent possible out of 100% of the Net Cash Flow for such period; and

(B) For any part of the First Interest Period or the Second Interest Period which is within the period since the next preceding Interest Payment Date to such Interest Payment Date on which payment is to be made, an amount not to exceed the amount of interest produced by an annual rate of 5% on the outstanding principal amount of this Note, payable to the extent possible out of 50% of

the Net Cash Flow for such period after deducting the amount calculated in paragraph (A) above.

(5) (A) No later than 90 days after the end of each Contingent Interest Period (except for the Contingent Interest Period ending immediately before the Initial Remarketing Date or the date of the payment in full of this Note, whether by redemption, acceleration or otherwise), the Developer shall provide to the Owner an audit of the operations of the Project for that Contingent Interest Period prepared by a nationally recognized public accounting firm prepared in accordance with generally accepted auditing standards. The audit shall state the actual amount of the Net Cash Flow for that Contingent Interest Period and shall calculate the Primary Contingent Interest and the Supplemental Contingent Interest in accordance with paragraphs (1) and (2) above.

(B) In the case of the Contingent Interest Period ending immediately before the Initial Remarketing Date or the date of the payment in full of this Note (whether by redemption, acceleration or otherwise), the Developer shall provide to the Owner no later than five Business Days before such date an audit of the operations of the Project calculating the actual amount of the Net Cash Flow through the latest date practicable in that Contingent Interest Period prepared by a nationally recognized public accounting firm prepared in accordance with generally accepted auditing standards. For purposes of determining the Net Cash Flow for the entire Contingent Interest Period, the audit shall extrapolate the actual Net Cash Flow determined in accordance with the preceding sentence over the entire Contingent Interest Period, and such extrapolated Net Cash Flow shall be the Net Cash Flow for that Contingent Interest Period for purposes of this paragraph (c).

(C) The audit prepared in accordance with this paragraph (5) shall state the amounts paid during each Contingent Interest Period pursuant to paragraph (4) above and the amount by which Primary Contingent Interest and Supplemental Contingent Interest payable out of Net Cash Flow as provided in paragraphs (1) and (2) above are greater than or less than the amounts

paid pursuant to paragraph (4) above. If the amounts of Primary Contingent Interest and Supplemental Contingent Interest due and payable out of Net Cash Flow exceed the amounts paid pursuant to paragraph (4) above, then the Issuer shall pay to the Owner any such payable and unpaid amounts on the Note Payment Date immediately following the receipt by the Owner of the audit. If the amounts of Primary Contingent Interest and Supplemental Contingent Interest due and payable out of Net Cash Flow are less than the amounts paid pursuant to paragraph (4) above, the Issuer shall receive a credit for such overpaid amounts against any other payments due by the Issuer to the Owner on the Note Payment Date immediately following the receipt by the Owner of the audit.

(d) Deferred Interest shall be calculated and payable as follows:

(1) Primary Deferred Interest and Supplemental Deferred Interest shall be calculated as provided in paragraphs (c)(1) and (2) above and shall be payable in the manner provided in paragraphs (2), (3), (4) and (5) below.

(2) If this Note is being redeemed pursuant to paragraph (d) under the caption "Mandatory Redemption of the Note" herein because of the Sale of the Project, the Construction Period Deferred Interest, the Primary Deferred Interest and the Supplemental Deferred Interest (in that order) shall be paid from the Net Sale or Refinancing Proceeds resulting from such Sale to the extent provided by paragraph (4) below, on the date of the redemption of this Note pursuant to such paragraph (d).

(3) If this Note is being redeemed or paid in full for any reason other than a Sale of the Project pursuant to paragraph (d) under the caption "Mandatory Redemption of the Note" herein or if this Note is being remarketed pursuant to Article V of the Ordinance, then the Primary Deferred Interest and the Supplemental Deferred Interest (in that order) shall be paid from moneys provided to the Issuer by the Developer which equal Net Sale or Refinancing Proceeds to the extent provided by paragraph (4) below, on the date of such redemption, acceleration or other

payment in full of this Note or on the Initial Remarketing Date, as applicable; provided that upon the redemption of this Note in part, Deferred Interest shall be paid from moneys provided by the Developer to the Issuer which are equal to the pro rata share of the Net Sale or Refinancing Proceeds corresponding to the proportional amount of this Note redeemed in part.

(4) If on the earlier of the Initial Remarketing Date or the date of the payment in full of this Note (whether by redemption, acceleration or otherwise), interest in an amount equal to 16% per annum on this Note has not been paid to the Owner, then Deferred Interest shall be paid from Net Sale or Refinancing Proceeds as follows:

(A) 100% of the Net Sale or Refinancing Proceeds will be utilized to pay Deferred Interest until this Note has been determined to have borne interest at a cumulative and noncompounded rate per annum equal to 11%;

(B) if any Net Sale or Refinancing Proceeds remain after such payment in (A) above, an amount equal to up to 50% of such Net Sale or Refinancing Proceeds will be utilized to pay Deferred Interest until this Note has been determined to have borne interest at a cumulative and noncompounded rate per annum equal to 16%; and

(C) the balance, if any, of the Net Sale or Refinancing Proceeds shall be paid to the Developer.

(5) (A) In order to calculate Net Sale or Refinancing Proceeds, as defined in the definitions set forth above, for the purposes of paragraph (3) above, the fair market value of the Project shall be determined no later than 30 days before the Initial Remarketing Date or the date of any redemption of this Note (other than a redemption due to a Sale of the Project pursuant to paragraph (d) under the caption "Mandatory Redemption of the Note" herein), or as soon as possible after the date of acceleration of this Note, as follows. The Owner shall select an

independent appraiser and the Developer shall select an independent appraiser. The appraisers shall jointly determine and agree upon the fair market value of the Project (as described in paragraph (B) below). If the two appraisers are unable to agree upon the fair market value of the Project, the Owner and the Developer may agree upon the fair market value of the Project. If the Owner and the Developer are unable to agree upon the fair market value of the Project, the Developer and the Owner shall jointly select a third appraiser, in which event the fair market value of the Project shall be as determined by whichever of the first two appraisals is selected by the third appraiser. The costs of the appraisal by the appraiser selected by each party shall be borne by the party selecting the appraiser and the cost of the third appraisal shall be borne equally by the Developer and the Owner.

(B) The fair market value of the Project for purposes of this paragraph (d)(5) shall reflect the amount each appraiser believes a purchaser which is ready, willing and able to purchase the Project would pay to a seller which is not forced to sell the Project.

(C) If this Note is being redeemed pursuant to paragraph (a) or (b) under the caption "Mandatory Redemption of the Note" herein, the fair market value shall be determined as of the day before the occurrence of such events requiring the payment of Insurance Proceeds or a Condemnation Award, as if such events had not occurred. If this Note is being redeemed pursuant to any other provision under the caption "Mandatory Redemption of the Note" herein (except paragraph (d)), the net fair market value shall be determined as of the date of the appraisals, which date may not be more than 120 days before the date of redemption or the Initial Remarketing Date.

Mandatory Redemption of the Note

Prior to the Initial Remarketing Date, this Note shall be subject to redemption prior to maturity at a redemption price equal to the principal amount of this Note so called for redemption, plus accrued interest to the redemption date, but without premium, only as follows:

(a) in whole or in part on any Interest Payment Date on or prior to December 1, 1988 to the extent that moneys (including investment earnings) remain in the Project Loan Fund (as defined in the Ordinance) unexpended (or are not held specifically for a party for amounts owing but not yet due and payable) on the earlier of the Final Advance Date or November 15, 1988, and such moneys in the Project Loan Fund will be applied to such redemption; or

(b) in whole or in part on the first Interest Payment Date for which adequate notice can be given in accordance with the Ordinance to the extent that Developer prepays the Developer Note (as defined in the Ordinance) on a mandatory basis upon the occurrence of an event of casualty or condemnation in connection with the Project, as described in Sections 5.1 and 5.2(a) of the Loan Agreement; or

(c) in whole on December 1, 1997, unless this Note is remarketed pursuant to Article V of the Ordinance; or

(d) in whole on the date of any Sale of the Project prior to December 1, 1997; or

(e) in whole on the date of any Refinancing of the Project (not including a remarketing of this Note pursuant to Article V of the Ordinance) prior to December 1, 1997; or

(f) in whole on any date selected by the Owner following a Determination of Taxability or upon any prepayment of the amounts payable under the Loan Agreement pursuant to Section 5.2(b) of the Loan Agreement; or

(g) in whole on any date selected by the Owner to the extent the Developer is required to prepay the Developer Note pursuant to Section 5.2(b) of the Loan Agreement; or

(h) in whole on any Interest Payment Date on or after December 1, 1995 (but in no event later than December 1, 1997) at the option of the Owner exercised by giving not less than six months' prior written notice to the Issuer and the Developer, which notice of the Owner shall specify the date on which this Note is to be redeemed; or

(i) in whole on any Interest Payment Date prior to December 1, 1993 at the option of the Developer but with the prior written consent of the Owner; or

(j) in whole on any Interest Payment Date on or after December 1, 1993 at the option of the Developer.

Remarketing in Lieu of Redemption

In lieu of redemption pursuant to paragraph (h) under the caption "Mandatory Redemption of the Note," the Issuer shall, at the option of the Developer, proceed with the remarketing of this Note pursuant to Article V of the Ordinance, provided that if all of the conditions to remarketing this Note set forth in Article V of the Ordinance are not met, this Note shall be redeemed on the date set by the Owner for redemption.

Notice of Redemption

Except as otherwise provided under the caption "Mandatory Redemption of the Note," the Owner shall give notice to the Developer of any redemption, specifying the principal amount of this Note to be redeemed, by telephone, promptly confirmed in writing, not less than two Business Days before the date fixed for redemption.

BY THE PURCHASE AND ACCEPTANCE OF THIS NOTE, THE OWNER AGREES TO DELIVER THIS NOTE TO THE OWNER NO LATER THAN THE DATE ESTABLISHED FOR REMARKETING OR REDEMPTION FOR (i) SALE TO SUCH PURCHASER OR PURCHASERS AS MAY BE DESIGNATED BY THE REMARKETING AGENT (AS DEFINED IN THE ORDINANCE), (ii) FOR EXCHANGE OR (iii) FOR REDEMPTION, AS THE CASE MAY BE. IF THIS NOTE IS NOT DELIVERED FOR PURCHASE AND MONEYS TO PAY THE PURCHASE OR REDEMPTION PRICE SHALL BE AVAILABLE TO THE OWNER, IT SHALL BE DEEMED TO HAVE BEEN PURCHASED AND SHALL NOT BEAR INTEREST FROM AND AFTER THE DATE ESTABLISHED FOR MANDATORY PURCHASE OR REDEMPTION, AND THE OWNER THEREOF SHALL NOT BE ENTITLED TO ANY RIGHTS EXCEPT THE RIGHT TO RECEIVE THE AMOUNT DUE IN PAYMENT FOR THIS NOTE.

Registration and Transfer

The Developer is the registrar of the Issuer for this Note, and so long as this Note remains outstanding, the Developer shall provide for the registration and transfer of this Note in accordance with the terms of the Ordinance.

This Note shall be transferable only by execution by the Owner of the Assignment in the form attached hereto and delivery of this Note to the new Owner thereof and by presenting a certificate executed by the Owner of this Note desiring to transfer this Note, at the principal office of the Developer,

certifying to the effect that this Note has been duly endorsed for transfer to the new Owner thereof and that an assignment in the form set forth as part of this Note has been duly executed by the Owner or its duly authorized representative, together with a copy of such Note and Assignment. It shall not be necessary to execute an exchange Note (i) upon transfer of this Note (and the endorsement for transfer and assignment shall serve as evidence of the ownership of this Note) or (ii) upon reduction of principal of this Note upon a partial redemption thereof (and the notation in the Certificate Regarding Reduction of Principal shall serve as evidence of the principal amount of this Note); provided that an exchange Note may be issued by the Issuer upon the retention by the Developer of Bond Counsel to prepare the exchange Note and arrange for the execution thereof by the Issuer. This Note may be so exchanged upon the presentation and surrender thereof at the principal office of the Developer for a Note of the same maturity and interest rate and in the Authorized Denomination (as defined below), in an aggregate principal amount equal to the unpaid principal amount of the Note presented for exchange. Each exchange Note delivered in accordance with this paragraph shall constitute an original additional contractual obligation of the Issuer and shall be entitled to the benefits and security of the Ordinance to the same extent as the Note in lieu of which such exchange Note is delivered.

The Issuer or the Developer may require the Owner of this Note to pay a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with the transfer of this Note, provided that all costs of Bond Counsel shall be paid by the Developer.

EXCEPT ON AND AFTER THE INITIAL REMARKETING DATE, THIS NOTE MAY ONLY BE TRANSFERRED, AS A WHOLE, IN ANY AUTHORIZED DENOMINATION (AS DEFINED BELOW), (i) TO ANY SUBSIDIARY OF THE OWNER, AN AFFILIATE WITH THE SAME OR SUBSTANTIALLY THE SAME GENERAL PARTNER AS THE OWNER, TO ANY ENTITY ARISING OUT OF ANY MERGER OR CONSOLIDATION OF THE OWNER, BY OPERATION OF LAW, OR TO A TRUSTEE IN BANKRUPTCY OF THE OWNER; OR (ii) IN CONNECTION WITH A SALE TO AN INSTITUTIONAL INVESTOR IF, IN EITHER INSTANCE, THE DEVELOPER RECEIVES FROM THE TRANSFEREE OF THIS NOTE AN EXECUTED AGREEMENT TO BE BOUND BY THE TRANSFER RESTRICTIONS SET FORTH IN THIS NOTE AND IN THE ORDINANCE IN CONNECTION WITH SUBSEQUENT TRANSFERS OF THE NOTE.

Miscellaneous

A complete statement and description of all provisions applicable to this Note is contained in the Ordinance, to which reference is hereby made. The Ordinance is subject to amendment under the circumstances, for the purposes and with the consents therein provided. The Ordinance is on file with the Issuer and

reference is made to it for a full statement of the rights, duties and obligations of the Owner and the Issuer.

Upon the occurrence of an Event of Default, as defined in the Ordinance, the principal of this Note may become or be declared due and payable before the stated maturity hereof in the manner, with the effect, and subject to the conditions provided in the Ordinance.

This Note is issuable only as a fully registered Note in Authorized Denominations of, before the Initial Remarketing Date, \$12,600,000 or such lesser amount as provided in the Ordinance. This Note is exchangeable at the principal office of the Owner, subject to the limitations and upon payment of the charges provided in the Ordinance.

Neither the officers, agents, employees or representatives of the Issuer nor any person executing this Note shall be personally liable hereon or be subject to any personal liability by reason of the issuance hereof, whether by virtue of any constitution, statute or rule of law, or by the enforcement of any assessment or penalty, or otherwise, all such liability being expressly released and waived as a condition of and in consideration for the execution of the Ordinance and the issuance of this Note.

This Note shall be valid and shall be entitled to the lien, pledge and benefits of the Ordinance upon the execution and delivery hereof by the Issuer in the manner provided by the Ordinance.

All things necessary to make this Note, when authenticated by the Owner, the valid, binding and legal obligation of the Issuer, and to make the Ordinance valid, binding and legal for the security hereof, have been done and performed and this Note has been in all respects duly authorized, done and accomplished.

IN WITNESS WHEREOF, the Issuer has caused this Note to be executed in its name by its Mayor and the seal of the Issuer to be imprinted hereon and attested by the signature of its Clerk.

Dated:

THE CITY OF BLOOMINGTON,
INDIANA

(SEAL)

Mayor

Attest:

Clerk

CERTIFICATE REGARDING REDUCTION OF PRINCIPAL

THE PRINCIPAL AMOUNT OF THE NOTE IS HEREBY REDUCED AS SET FORTH IN THE FOLLOWING SCHEDULE EFFECTIVE AS OF THE DATE SHOWN BELOW, ALL IN ACCORDANCE WITH THE PROVISIONS OF THE WITHIN-MENTIONED ORDINANCE.

<u>Effective Date of Reduction of Principal</u>	<u>Principal Amount of the Note as of the Effective Date</u>	<u>Executed by the Developer, as the Registrar of the Issuer for the Note as of Such Date</u>	<u>Confirmed by the Registered Owner as of Such Date</u>
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____
_____	_____	_____	_____

ASSIGNMENT OF THIS NOTE

FOR VALUE RECEIVED, the undersigned hereby sells,
assigns and transfers unto

(PLEASE INSERT SOCIAL SECURITY* OR TAXPAYER IDENTIFICATION NUM-
BER OF ASSIGNEE) (*This information, which is voluntary, is
being requested to ensure that the assignee will not be subject
to backup withholding under Section 3406 of the Code.)

(Please Print or Typewrite Name and Address of Assignee)

such portion of the within Note as equals \$ _____, and
such portion of its rights thereunder as equals the percentage
obtained by dividing the portion so transferred by the outstand-
ing principal amount of the Note prior to such transfer, and
hereby does irrevocably constitute and appoint

to transfer the within Note on the books kept for the registra-
tion thereof, with full power of substitution in the premises.

Dated: _____

(Signature guaranty)

NOTICE: The signature to this assign-
ment must correspond with the name as
it appears upon the face of the within
Note in every particular, without
alteration or enlargement or any change
whatsoever.

[Insert other matter required by enabling act or considered to
be desirable or customary, such as, certificates of validation,
necessary abbreviations and certificates of additional
approval.]

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